

# FINANCIAL TIMES

No. 27,198 Wednesday February 16 1977 \*\* 12p

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**ERAL**  
**rosland**  
**ill**  
**etting**  
**orse**

Anthony Crosland, Foreign Commonwealth Secretary, reported last night to be recovering following his stroke. He is in the life infirmary, Oxford.

Callaghan was being kept in a condition but no date moves are planned in a Cabinet Minister to die for the Foreign Secretary's illness. Dr. David Minister of State, is expected to act for Mr. Crosland, Richard Evans, Lobby

substitution at Westminster, however, was that Mr. Crosland's illness was so serious that he would be unable to return to politics. It is therefore expected that the appointment of a Foreign Secretary will not be delayed.

**njay Gandhi**  
**fight seat**

Gandhi, Prime Minister of India, has defied opposition from Congress Party leaders and through the nomination of Sanjay as candidate for Amethi constituency in key province of Uttar Pradesh. It will be the first time a son has run for public office.

**ial Democrats**  
**in Denmark**

in election results were a triumph for the Social Democratic Party. With 70 per cent of the seats, the party is likely to be in a position to form a government.

**son turns**  
**tables**

David Wilson last night on News at Ten denied Mr. Laidlaw's allegation that Lady Laidlaw was involved in government decisions.

**ares will ask**  
**EEC entry**

Portuguese Minister, Mr. Soares, said for the first time yesterday that he would lodge a formal entry application next month.

**nce Charles**  
**as the honours**

Queen Elizabeth held her first birthday party yesterday at Buckingham Palace. She conferred seven honours and 130 other awards.

**m demo ban**

Local authorities in Schleswig-Holstein have banned a demonstration planned for Saturday against the atomic station at Borssele.

**efy...**

Minister of State, Mr. Alton, attended by 1,500 people yesterday.

**EF PRICE CHANGES YESTERDAY**

Land Securities	152 + 5
Lloyds Bank	197 + 12
Lyons (L)	66 + 4
Lucas Inds.	222 + 7
Morris (H)	147 + 7
NatWest	317 + 12
Racal Electronics	286 + 9
Ramsay	170 + 4
Sunley (S)	126 + 16
Tate and Lyle	258 + 6
Thompson Org.	403 + 10
Traffic	332 + 12
Union Discount	283 + 10
Waters	424 + 14
Wattam's	150 + 8
W. H. Smith	914 + 10
BP Transport	496 + 6
Tricent	128 + 10

## TUC unwilling to discuss pay curbs until after Budget

BY ROY ROGERS, LABOUR CORRESPONDENT

**TUC leaders will to-night tell Mr. Denis Healey, the Chancellor of the Exchequer, that they are not prepared to negotiate a new phase of wage restraint to begin in August, before they have seen his spring Budget.**

They are due to meet the Chancellor of the Exchequer for dinner following support of an end to wage restraint.

After the meeting in Birmingham, Mr. Derek Robinson, the chairman of the unofficial but influential Leyland stewards committee, gave a warning that the Government and the day strike and lobby of Parliament, probably after Easter, in support of an end to wage restraint.

Mr. Healey had hoped to conclude a new agreement with the unions in time for the Budget which is expected at the end of next month. But union leaders, some of whom fear a shopfloor revolt if a pay deal is rushed through before their individual union conferences, want to see the extent of Mr. Healey's promised tax concessions and the new price controls proposed by Mr. Roy Hattersley, the Prices Secretary.

This view was emphasised yesterday by Mr. Hugh Scanlon, president of the amalgamated Union of Engineering Workers, after a slation executive decided to oppose any move to call an early special TUC conference or Congress on pay.

He stressed that he was against any meetings to determine pay policy before the individual union conferences, adding ominously that wages policy resolutions coming in for the AUEW's policy-making national committee to May were "almost overwhelmingly calling for a return to free collective bargaining."

As if to underline this yesterday, 500 shop stewards representing about 130,000 workers at British Leyland called for a one-

**Premier warns & Leyland men**  
 men urge strike Page 12  
 Details, Page 5  
 Feature, Page 14

## Saudi price-rigging claim over power tenders

BY OUR INDUSTRIAL STAFF

**BRITISH COMPANIES** tendering for a £700m. electrification scheme in Saudi Arabia have been shocked by allegations of price-rigging among the eight international competitors.

The allegation was by Dr. Ghazi al-Ghazali, Saudi Minister of Industry and Electricity, when he refused to accept any of the tenders for four separate regions. He said that the prices were too high and the eight companies were suspected of having "acted in concert to defraud the Saudi Government."

That Government has now set up a committee of Ministers to investigate the way in which foreign companies, with their Saudi agents, hid for development contracts.

**Devolution Bill in more trouble**

BY PHILIP RAWSTORNE

THE GOVERNMENT'S devolution legislation ploughed deeper into difficulties in the Commons last night despite further concessions designed to speed its passage.

Mr. Michael Foot, leader of the House, announced major changes in the proposed referendums in Scotland and Wales.

The referendums would be consultative and not mandatory, he said. In addition the form of the question would be revised and the terms of the Bill altered to emphasise that the results would not affect the unity of the U.K.

**Callaghan calls CBI to Bullock talks**

BY JOHN ELLIOTT, MANAGEMENT EDITOR

THE PRIME MINISTER formally launched the Government's bid last night to coax the CBI into accepting industrial democracy legislation when he invited their leading representatives to start talks on participative below Board level with senior Ministers.

But this does not mean that the Government intends to bridge from its commitment to introduce legislative proposals this summer on worker directors, following publication last month of the Bullock Report.

**Nine agree on fish stock protection**

BY ROBIN REEVES BRUSSELS, Feb. 15

A BREAKTHROUGH in the Common Market's long and complicated fisheries negotiations was achieved here to-day when Agriculture and Fisheries Ministers of the Nine reached agreement on the basis for a Community regime to conserve fish stocks inside the new 200-mile limits.

Principal elements in the agreement include:

- 1.—A total ban on North Sea herring fishing between February 25 and April 30, with a possible extension to be considered later.
- 2.—A total ban on Celtic Sea herring fishing from March 1 in the year's end.
- 3.—Closure of an area to the North and East of Scotland to industrial fishing for fishmeal (the so-called Norway punt box) initially from February 25 in April 30, with a later review of the size of the box.
- 4.—Industrial fishing to be subject to a reduction in the maximum whitefish by-catch tolerance in 20 per cent. (from 25 per cent.) from April 1.

**Irish ban**

While to-day's agreement met the most pressing conservation demands of the British Government, however, it proved insufficient to satisfy Ireland. Mr. Patrick Donaghy, who holds the newly created post of Irish Fisheries Minister, announced that his Government would be introducing from March 1 a unilateral ban prohibiting all vessels of the Community's new 200-mile zone and over from fishing within an area varying from 50 to 100 miles off the Irish coast, at least until the end of the year.

The Irish move is a reaction in fears that its fish stocks will be irreparably damaged by a greater concentration of fishing activity in Irish waters by EEC boats, following the move to 200-mile limits.

**Some anger**

While accepting to-day's agreement on other conservation measures, it did not consider them adequate or meet the Community recognition of the Irish fishing industry's special need to expand.

Dublin's unilateral action was the subject of some initial anger, notably from the Germans, the French and the Brussels Commission. The latter warned of

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Its significance is that, as the Prime Minister spent last night, the Government wants to achieve the largest possible measure of agreement for its worker-director legislation. To start their post-Bullock consultations with the CBI by examining the problems of participating from the shop floor upwards.

**Delegation**

Lord Watkinson, the CBI president, who led a six-man delegation of senior industrialists to the hour-long meeting with the Prime Minister at Westminster, said he would put the offer to the monthly meeting of the CBI's Grand Council to-day.

It, as seems likely, the council accepted Mr. John Mellor, CBI director-general, will hold exploratory talks with Mr. Edmund Dell, Secretary for Industry.

The Prime Minister was accompanied at the talks by Mr. Dell, Mr. Eric Varley, Secretary for Industry, and Mr. Albert Booth, Secretary for Employment. He said that he respected and understood the CBI's objections, even if he could not accept them.

**Conservation**

The agreement reached to-day is clearly just the start of a Common negotiated fish stocks conservation regime.

It will in turn form only one element of a Common Fisheries Policy revised to take account of the move to 200-mile limits.

But it should help to keep negotiations in other areas on the Community table, notably those with non-EEC countries.

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**£ in New York**

	Feb. 15	Previous
Spot	\$1,245.7000	\$1,250.0000
1 month	1,245.5000	1,250.0000
3 months	1,245.0000	1,250.0000
12 months	1,234.1250	1,190.11250

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# Placed in the Glass Menagerie by B. A. YOUNG



Angus McInnes and Connie Booth

This most romantic of Tennessee Williams' plays has been given a truly romantic production by Jonathan Lynn at Cambridge. He has followed the lead given in here-narrator's introductory speech, and we see "truth with the asant appearance of illusion," sic for fiddle and harp plays stage when romantic words spoken; a roll of thunder makes as sister Laura faints the sight of her gentlemanler. Saul Radomsky's utterly realistic set is apt to nge character under a nge of lighting.

## Television

# Hapless families by CHRIS DUNKLEY

The similarities between the BBC1 drama *Fathers and Families* and Granada's 13 part serial *This Year Next Year* are too obvious to be ignored. Both are (in the insouciant but memorable words of Hugh Cudlipp when killing the *Daily Herald* and fathering the Sun) "a horo of the age we live in." They are not about Jacobsons or Edwardians or even Georgians but about us, and the problems which have come to preoccupy us, or at any rate those of us labelled "middle class."

### The Entertainment Guide is on Page 6

Both are concerned with the tensions of urban society, the weakening of family structures, the rapidly changing role of women within the family and society, and the resultant difficulties and doubts of the patriarch in particular and of men in general.

## Festival Hall

# Die glückliche Hand by RONALD CRICHTON

Schoenberg's *Die glückliche Hand*, is a "drama with music," a baritone, two mimes, small orris and huge orchestra, last for less than half an hour involving a formidable amount of expressionist stage art. It was finished in 1913.

## Covent Garden, Covent Garden

# Mahagonny by MICHAEL COVENEY

This lunchtime presentation in association with The Goethe Institute) is of the half-hour play which formed the basis of the full-scale show *The Rise and Fall of the City of Mahagonny*.

## Arts news in brief

Mole-Richardson, the stage and studio engineers of Bedford, Norfolk, whose recent projects have included work for the National Theatre, have signed a contract with the Serbian National Theatre in Novi Sad, Yugoslavia.

## Bush Theatre

# Come Jubilee by MICHAEL COVENEY

The title covers two plays by T. S. Eliot, *The Waste Land* and *The Rock*, both about West Indian couples finding their way in London.

## Albert Hall

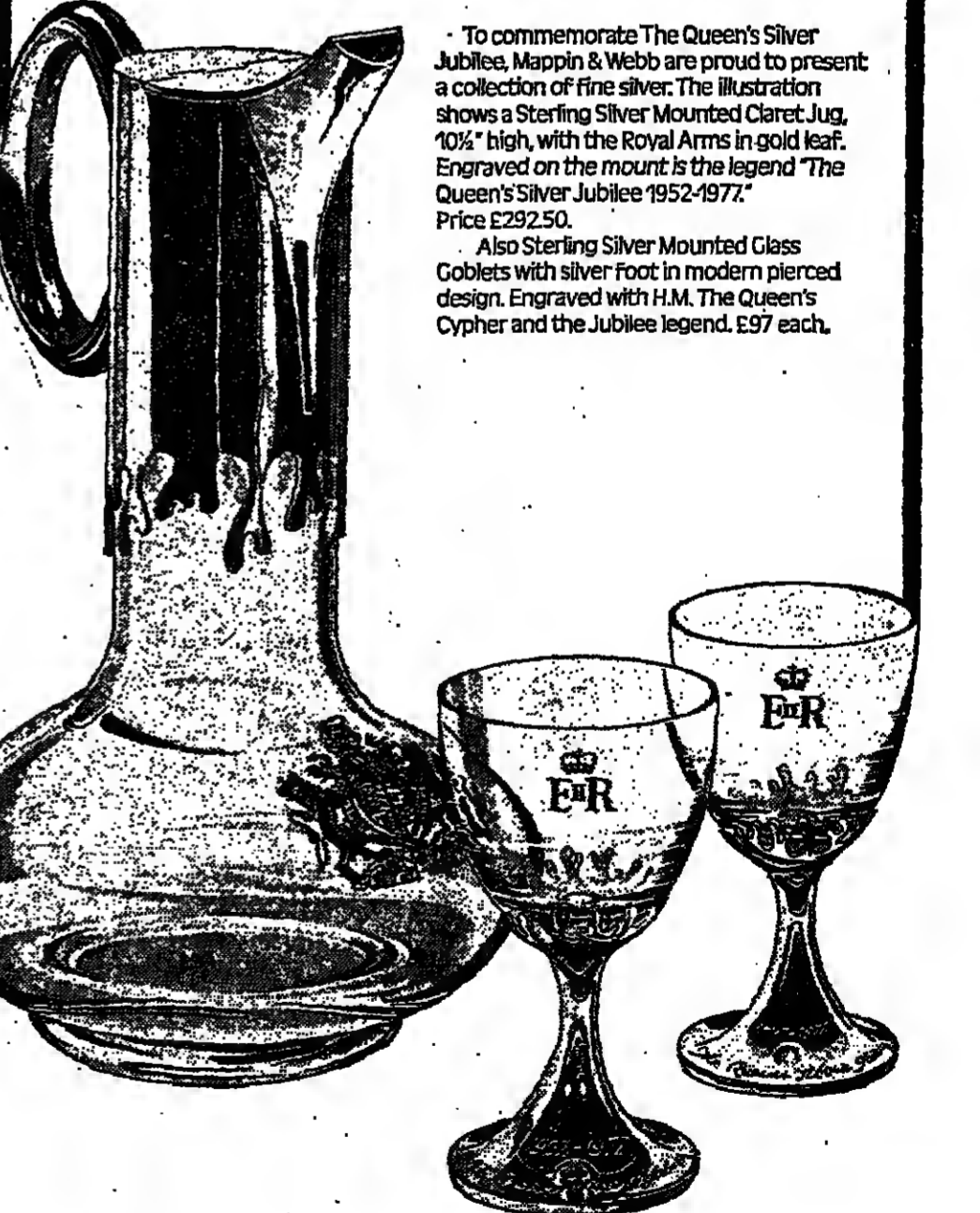
# ABBA by ANTONY THORNCROFT

Reviewing ABBA is like reviewing a balance-sheet—the emotional contribution is dwarfed by the cash register.

## Lyttelton

Schaubühne am Halleschen Ufer, the West Berlin theatre company, is to give nine performances in German of Gorky's *Sommergäste* (Summer Guests) at the Lyttelton between March 1 and 10.

# Celebrate the great occasion with Mappin & Webb



To commemorate The Queen's Silver Jubilee, Mappin & Webb are proud to present a collection of fine silver. The illustration shows a Sterling Silver Mounted Claret Jug, 10 1/2" high, with the Royal Arms in gold leaf.

EUROPEAN NEWS

Portugal to apply formally this year to join EEC

By REGINALD DALE, EUROPEAN EDITOR

DR. MARIO SOARES, the Portuguese Prime Minister, yesterday spelled out more clearly than ever before the steps by which he plans to achieve the full EEC membership on which his Socialist Government has staked its future. Speaking in London at the end of the first stage of a tour of EEC capitals, Dr. Soares for the first time officially confirmed that he would lodge a formal application for Portugal to enter the Common Market after he completes his tour next month. The next step would be for the Nine to agree to open negotiations this year, or in early 1978 at the latest. The political decision to admit Portugal must thus be taken in the course of the next year, he said. Looking further ahead, Dr. Soares said he was convinced that Portuguese industry would be ready for full integration into the Community by 1985. He was less clear about the precise target date for entry, saying only that he hoped his country would be accepted as a full member "much before" 1985. Nevertheless, he appeared to be envisaging more rapid integration into the EEC than he has in past pronouncements, in which he has spoken of the need for a 10-year transition period. Dr. Soares once again warned of catastrophic consequences if the Nine turned down Portugal's request. The Government's authority would be undermined and the country would face an unacceptable choice between strict dependence on the U.S., stagnation and isolation, or a future as "some kind of European Cabo." The Community agreed that full Portuguese membership should be the ultimate aim, while stressing that time would first be needed to tackle the country's serious social, financial and agricultural problems. The attitude towards Portugal adopted by the Nine Foreign Ministers in Brussels last week was "extremely positive," he said. At that meeting, the Nine agreed that full Portuguese membership should be the ultimate aim, while stressing that time would first be needed to tackle the country's serious social, financial and agricultural problems. The attitude towards Portugal adopted by the Nine Foreign Ministers in Brussels last week was "extremely positive," he said. At that meeting, the Nine agreed that full Portuguese membership should be the ultimate aim, while stressing that time would first be needed to tackle the country's serious social, financial and agricultural problems. The attitude towards Portugal adopted by the Nine Foreign Ministers in Brussels last week was "extremely positive," he said. At that meeting, the Nine agreed that full Portuguese membership should be the ultimate aim, while stressing that time would first be needed to tackle the country's serious social, financial and agricultural problems.

France will tighten S. Africa arms policy

By Robert Mauthner PARIS, Feb. 15.

FRANCE WILL re-enforce its embargo on arms sales to South Africa though naval equipment will still be excluded from the ban, French President Valéry Giscard d'Estaing announced last night at the end of an official visit in Bamako, the Mali capital. The French embargo on military aircraft and land armaments sales to South Africa was first proclaimed officially during Giscard's visit to Zaïre in August 1975. But he made clear at the time that orders already placed would be honoured. Last night, however, President Giscard d'Estaing emphasised that not only would no new air and land military equipment be sold to South Africa, but that the French authorities had taken special measures to prevent any deliveries from slipping through the official net. It is understood in Paris that the re-enforcement of the embargo will also put a stop to all supplies of spare parts for military equipment such as Mirage combat aircraft, helicopters, tactical missiles and transport aircraft already supplied by France to South Africa. The measures, however, will probably have less practical effect than might appear at first sight. The Mirage and some other equipment have been manufactured under licence in South Africa for some time, and the South Africans are known to have both the know-how and industrial capacity to manufacture most of the military equipment they need. At the same time, France, which has already supplied S. Africa with three Daphne class submarines and has received further orders for at least two 12,000-ton Agosta class submarines worth about £35m, which are due in the delivery at the end of next year, will continue to sell naval equipment to South Africa. The official French insistence for such a dual stance is that naval equipment can be used for external defence only and cannot be employed to put down local insurrections. France's political motives are clear: it has been much criticised recently by independent African countries for pursuing an ambiguous policy. President Giscard d'Estaing may have gone some way to dispel some of the hostility, but he cannot have escaped his critics that his African policy continues to maintain a "balance" between France's commercial and political interests.

Irish torture and police issues take new turns in Dublin

By GILES MERRITT DUBLIN, Feb. 15.

THE TWIN torture questions when interrogating IRA suspects which have been dogging Anglo-Irish relations of late, today took part series. It is running the new turn. The Dublin Government confirmed reports from Strasbourg that the European Human Rights Court has decided to pursue the controversial torture case brought against Britain. At the same time, the Irish cabinet is understood to be on the point of announcing the formation of an independent complaints Board to study the recent spate of allegations of Garda police brutality triggered by a series of revelations in Ireland's leading daily newspaper. According to Dublin officials, the Human Rights Court which heard torture charges by Ireland against Britain last week to formed both Dublin and London on Friday that it would be proceeding with the case on all five main counts. The next session of the Strasbourg court is expected to be from April 19-22. But the Irish Government has been embarrassed by the counsel of allegations that the Republic's police department opposed to the "heavy creation of a Garda trade union" employ similar physical and psychological techniques a hargaining counter. The setting-up of an independent review authority may, however, be straightforward. Elements inside the Irish Garda force are known to resent the same time, the force's rank-and-file is currently debating whether it should form itself into a trade union or a still more radical group. Clearly, with the Republic's police department opposed to the "heavy creation of a Garda trade union" employ similar physical and psychological techniques a hargaining counter.

EEC Court advised on fines

By DAVID BUCHAN BRUSSELS, Feb. 15.

FINES IMPOSED by the European Court of Justice should reflect current money values, even though they are officially set in a European unit of account that was established before exchange rates generally started to float. This was the thrust of an opinion delivered today by the Advocate General, Mr. Jean-Pierre Warner, before the Luxembourg court following the case in which nine European sugar companies were fined a total of £6m. units of account in December 1976, for illegal market practices. The Advocate General, whose opinion is likely to be endorsed by the Court sitting before Easter, said that "the sugar companies must pay in their national currencies." The companies had all decided to pay their fines—denominated in units of account—with Italian lire, which by early 1976 had fallen far below the 1969 level on which this type of unit of account was, end is still, based. The effective advantage to the sugar companies was 33 per cent, to the Belgian 35 per cent, to the Dutch 40 per cent, and to the German 43 per cent—the amount varying according to each currency's movement. Following EEC Commission complaints about the exploitation of this loophole, two French companies sought an interpretation from the Court, and Mr. Warner's opinion today is the first stage in this process. If the Court upholds Mr. Warner's opinion, the implication is that the sugar companies will have their fines recalculated in their national currencies, and will then have to pay the difference between that and what they have already paid in lire.

Yugoslavia hits at West over dissident campaign

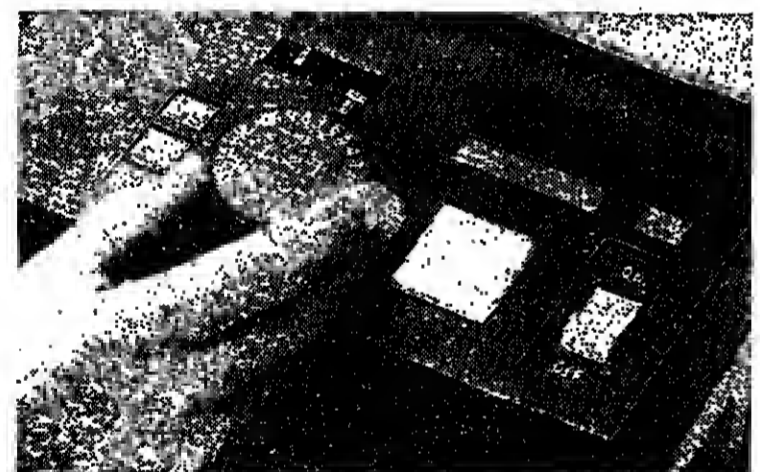
BELGRADE, Feb. 15.

YUGOSLAVIA today accused the West of poisoning the atmosphere for the forthcoming review of the 1975 Helsinki human rights Conference on European Security and Co-operation by dwelling on the issue of human rights. In its counter-offensive against dissident movements in Yugoslavia and elsewhere in Eastern Europe, the Communist Party newspaper Borba said in a commentary that Yugoslavia rejected any attempts at the imposition of its population of the Western concept of liberty. If outsiders were unwilling to accept Yugoslavia's brand of independent Communism, Borba said, "this is not a reason for anyone from abroad to strive to denigrate our system or to undermine our independence from those positions." Yugoslavia has accused writer Milovan Djilas and other dissidents of being directed from UPI abroad in a campaign to include the West of poisoning the atmosphere for the forthcoming review of the 1975 Helsinki human rights Conference on European Security and Co-operation by dwelling on the issue of human rights. In its counter-offensive against dissident movements in Yugoslavia and elsewhere in Eastern Europe, the Communist Party newspaper Borba said in a commentary that Yugoslavia rejected any attempts at the imposition of its population of the Western concept of liberty. If outsiders were unwilling to accept Yugoslavia's brand of independent Communism, Borba said, "this is not a reason for anyone from abroad to strive to denigrate our system or to undermine our independence from those positions." Yugoslavia has accused writer Milovan Djilas and other dissidents of being directed from UPI

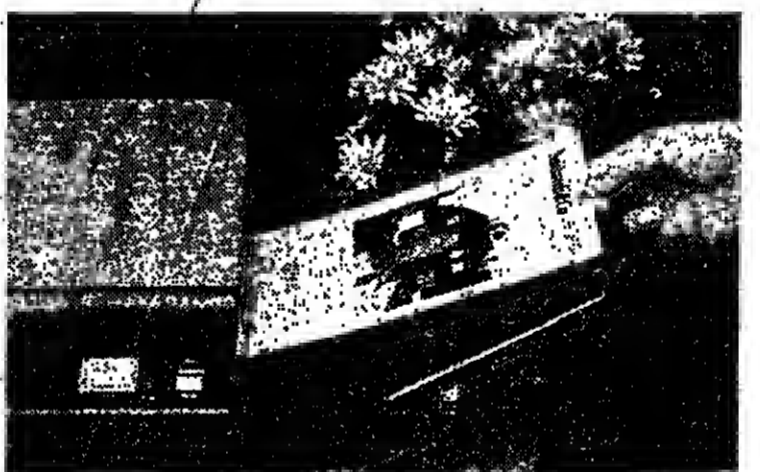
Some important facts about the fastest growing region of the German Federal Republic—the South. The South is the most rapidly growing market in Western Germany. This is where you will find the greatest concentration of future-orientated industries—space travel and aviation; electronics and motor manufacturing; atomic industries and oil refining. This is where the "Sueddeutsche Zeitung" is the predominant publicity medium—leading in the target group of opinion leaders—the basic medium for Southern Germany. Unlock the door to new success in Germany for yourself—start in the South. Süddeutsche Zeitung Member of TEAM—Top European Advertising Media Your partner in Germany To do more business in Germany, please contact our exclusive representatives For the U.K. Publicitae Limited 525/527 Fulham Road LONDON SW6 1HF Tel.: (01) 385 7723/7 For the Netherlands Publicitas bv, Plantage Middenlaan 38, AMSTERDAM Tel.: (020) 23-20-71 or write to us in Munich Sueddeutscher Verlag GmbH Marketing Service Dept., P.O. Box 202220 D.8 Munich 2 / Germany.

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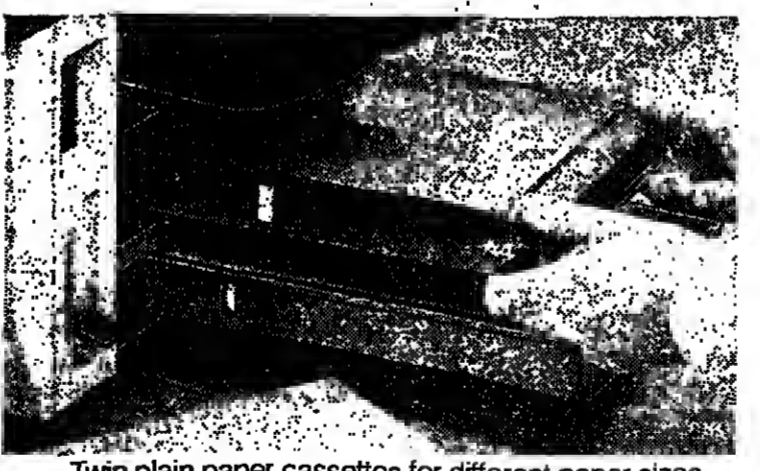
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Paris election candidates named by Left

By David Curry PARIS, Feb. 15.

THE THREE parties forming the French Union of the Left have agreed on the names of candidates to carry their joint colours into the Paris municipal election next month. They will support 43 Communist candidates, 43 Socialists, nine Radicals of the Left and a ne people of left-wing views but no formal affiliation to contest the 109 Paris seats. More narrowly, in the nine arrondissements where the Left is given a chance of winning, it will field 27 Communists, 21 Socialists, five Radicals of the Left and four unaffiliated left-wingers. The Communists have won their battle to head the lists in all five of the arrondissements where the Left won last time round, but Socialists will lead the battle in three of the other four constituencies which the Left could win. The Communists had accused the Socialists of trying to encroach on traditional areas of Communist strength on the basis of their much improved electoral performance over the past few years and relative decline of the Communist vote. Meanwhile there is speculation that M. Calrac may, if he demonstrates his political power by bringing his lists in well ahead of M. D'Ornano at the first round of voting, stand down in favour of a compromise candidate.

Norway-Soviet fishing row

By William Dullforce

BRITISH fishermen may be indirectly affected by the cooling in diplomatic relations between Norway and the Soviet Union. Although Mr. Kunt Frydenlund, the Norwegian Foreign Minister, said here today that he had received no indication that the Soviet Union was breaking off the talks between the two countries on the Barents Sea fishing, the Russians did not resume the talks at the end of January as scheduled. A halt to these talks could delay Norway's negotiations with the EEC on reciprocal fishing rights. A Norwegian newspaper reported today that the Soviet Union had broken off the talks following the expulsion by Norway of six Soviet citizens, including four diplomats and the "Tass" correspondent, charged with illegal activities.

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معلومات العمل

EUROPEAN NEWS

Waldheim hopeful on N-test ban accord

GENEVA, Feb. 15. IMPROVED prospects for the conclusion of a comprehensive nuclear test ban were referred to here at the opening session, after a five-month recess, of the Geneva Disarmament Conference.

Spain police believe main terrorist group is broken

MADRID, Feb. 15. Council of State, and Lt-Geo. Villaseca, President of the Supreme Council of Military Justice, without the need to employ weapons.

EEC fish stock protection details

BRUSSELS, Feb. 15. THE FOLLOWING are the details of the fishing conservation measures adopted by Agriculture and Fisheries Ministers of the EEC in Brussels yesterday.

TURKISH POLITICS A coalition split all ways

BY METIN MUNIR IN ANKARA. POLITICAL uncertainty and an air of impending crisis prevail in Turkey, the outcome of which is all but impossible to guess.

Doctors strike in Saxony

BONN, Feb. 15. SEVERAL HUNDRED doctors and dentists went on strike in Lower Saxony today, the second such militant protest in a week against the West German Government's attempts to control the soaring health costs that have contributed to the threatened bankruptcy of the entire social security system.

Advertisement for Hoechst featuring an image of a person's face and the text 'Care of Hoechst' and 'Optrex'.

Most people know Optrex cares for eyes. Optrex looks after our health with all sorts of other products, too.

There's Famel for coughs and colds. And pain killing Panets. And many more which go to make up the ever increasing range.

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It's one of the world's largest companies. Last year it spent over £200 million on research alone.

Hoechst in the UK employs over 8,000 people. In 1976, its UK companies had a turnover of about £300 million.

Its products in the UK, apart from proprietary medicines, include pharmaceuticals, agrochemicals, decorative and industrial paints, plastics, man-made fibres, packaging films, office equipment, hair care products, sunglasses, perfumes.



For more facts, please write: 'Care of Hoechst', Salisbury Road, Hounslow, Middlesex. Or phone 01-570 7712 ext. 3169.

OVERSEAS NEWS

Arafat appeals for Arab move to restrain Syrians

BY HHSAN HIJAZI

INTENSIVE contacts are under way to avert another large confrontation between Palestinian commandos and Syrian troops around the refugee camps here.

BEIRUT, Feb. 15.

The Syrian command is particularly angry over the killing of a Syrian officer during the fighting last week. A statement by the command said that he was shot dead after he had been wounded. It now insists that those responsible must be held accountable.

Chinese gold sales suggest payments balance problems

BY COLINA McDUGALL

CHINA sold 80 tonnes of gold worth \$350m on the London market in December, British trade figures have revealed.

Peking may have got out of the red, but only by stringent reductions of imports.

POLITICS IN WEST BENGAL Divided Congress machine begins to lose its grasp

BY DAVID HOUSEGO, RECENTLY IN CALCUTTA

MRS. GANDHI'S emergency brought a relief from luridness over West Bengal. Political killings had reached a peak in 1972 when squads from the Congress youth movement eliminated their rivals in the radical Marxist faction of the Communist Party (the CPM), and then rounded off their victory by decisively rigging the elections to the Bengal state assembly.

Chicago gangster films. We will give them a quiet going-over," he says of CPM workers who set foot in what he regards as Congress territory. "Muscle is necessary in politics here."

The upper hand, gaining popularity by appealing to Bengali nationalism against interference from Delhi.



India's General Election

Vance to meet insecure Rabin

BY TOM ACKERMAN

JERUSALEM, Feb. 15.

MR. CYRUS VANCE, the U.S. Secretary of State, arrived here tonight for the first leg of a Middle East tour to seek the outlines of a commonly acceptable approach for reviving Arab-Israeli peace talks.

The real prospect that Mr. Yitzhak Rabin will no longer be Prime Minister after the vote appears to underlie Mr. Vance's talks.

Top leadership in Yunnan province reshuffled

BY COLINA McDUGALL

IMPORTANT changes made by Peking in the leadership in Yunnan province indicate that a substantial purge in the provinces may be on the way.

which the central Government regarded as serious enough to summon the leaders to Peking for a conference.

Moroccan rebels jailed

BY OUR OWN CORRESPONDENT

CASABLANCA, Feb. 15.

HEAVY prison sentences were imposed today on 176 Marxist-Leninists convicted of plotting to overthrow the Arab Kingdom of Morocco and set up a republic.

Oil imports upset Japan trade balance

TOKYO, Feb. 15.

JAPAN had an unfavorable trade balance of \$901m in January because of increased crude oil imports, the Finance Ministry announced today.

Sri Lanka emergency ended

BY MERVYN DE SILVA

COLOMBO, Feb. 15.

SRI LANKA'S six-year-old state of emergency will end tomorrow and, in preparation, all political prisoners have been released.

Relocate with confidence in Cwmbran GARDEN CITY OF WALES

Cwmbran New Town has solved most of the problems encountered by industry during and after relocation.

ENTERTAINMENT GUIDE

Grid of entertainment listings including Opera & Ballet, Theatres, Cinemas, Art Galleries, and Clubs.

Nigerian mediator in E. Africa

When you're dealing with customers, suppliers or subsidiaries on the other side of the world, arranging the right kind of finance isn't just a matter of saving yourself time and trouble; it can save you considerable sums of money as well.



Australia and New Zealand: are you getting the business, but losing some of the benefits?

When you're dealing with customers, suppliers or subsidiaries on the other side of the world, arranging the right kind of finance isn't just a matter of saving yourself time and trouble; it can save you considerable sums of money as well.

ON OTHER PAGES

International Company News, Authors Wanted, Clubs, and other short notices.

مكتبة الصلح

AMERICAN NEWS

Steel union presses wage, job security claims in talks

BY STEWART REMING

LECTIVE bargaining for a three-year contract in the steel industry is under way... The United Steel Workers on pressing, as expected, for eased wages and lifetime job security.

NEW YORK, Feb. 15.

Boeings fitted 'with uncertified parts'

By Jurek Martin

WASHINGTON, Feb. 15.

THE FEDERAL Aviation Administration has revealed that uncertified parts have been installed in as many as 100 U.S. airliners manufactured by the Boeing Aircraft Corporation.

The FAA stressed that there was no evidence that the parts were dangerous or substandard, but the fact that they had not received official certification prompted the agency to order the five U.S. airlines flying the Boeing 727 and 737 to remove the parts within 45 days.

It is the second case of such a kind to come to light in the past few days. Over the weekend, allegations were reported that suggested that a much larger quantity of helicopter parts may have been sold around the world with improper certificates.

In the airline case, the FAA said that the parts in question were mostly electronic, used in aircraft flaps, slats, flight instrument accessories and air conditioning units.

The agency said that the parts were made by a small company which sells replacement parts to the aircraft industry. Another company, it went on, had issued service tags representing the parts as having been made and tested by Boeing.

Falklands have 'brilliant' outlook

BY HUGH O'SHAUGHNESSY

THE ECONOMIC future of the Falkland Islands, the isolated British colony in the south-west Atlantic, is "brilliant". Their gross national product rose very rapidly last year as a result of booming wool prices, and the unexploited potential in fisheries, alginate and perhaps oil is very large.

This was stated in London yesterday by Mr. W. Hunter Christie, Honorary Secretary of the U.K. Falkland Islands Committee, a body formed to lobby for the opinions of the 1,900 islanders and counter the influence of Argentina, which claims sovereignty over the territory.

His optimistic forecast of the islands' future came in sharp contrast to the gloomier view of the Foreign and Commonwealth Office, as set out in the Commons earlier this month, and was timed to coincide with the visit to the islands of Mr. Ted Rowlands, the Minister of State at the FCO. Mr. Rowlands is due to fly to the Falklands this morning after an overnight stop in Buenos Aires.

Mr. Christie, who shared a platform with Sir Miles Clifford, a former Governor of the territory, Mr. Ralph Merton, managing director of Alginate Industries, and Mr. Mark Mitchell, secretary of the Falkland Islands Company, a subsidiary of Charrington, mounted to acting in bad faith with Gardner Lockhart, and Mr. Mike Summers, a young Falklander, expressed great disappointment at the British Government's decision not to proceed with the expansion of the airfield at Port Stanley.

Any major economic project would have to depend on the provision of an airfield capable of taking medium-range airliners, the FCO. Mr. Christie added that the conduct of officials at the FCO in making important concessions to the Argentine Government, such as giving it effective control of access by air to the islands, failing to provide a passenger service by ship there and seeking to give control of fuel supplies to YPF, the Argentine state oil company, was tantamount to acting in bad faith with the islanders' wishes.

The statements by the islanders expressed great disappointment at the British Government's decision not to proceed with the expansion of the airfield at Port Stanley.

With the price of wool still rising, the fortunes of the Falkland Islands Company was prospering, and there is speculation that its trading profits in the islands last year could be up to five times the sum of around £100,000 it earned in 1975. British United Trawlers and the Japanese company Toyo are to start a fishing venture in Falkland waters this year with a factory ship.

State Designate, is understood to have offered both Brazil and Germany guaranteed supplies of enriched uranium for their reactors if they would agree to drop that part of their contract relating to the sensitive technologies. Alternatively the U.S. because it is considered to breach the tighter non-proliferation guidelines that the new Administration is stressing. During talks here last week Mr. Warren Christopher, the Assistant Deputy Secretary of

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Young warning on Africa

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 16

ANDREW YOUNG, the U.S. spokesman said that his remarks to the United Nations, said last night that the situation there was potentially more explosive than in Africa.

THE CARIBBEAN

Protecting the Press

BY DAVID RENWICK, PORT OF SPAIN CORRESPONDENT

AFTER TWO years of planning and discussion, the Caribbean Press Council (CPC) has finally been set up. Based on the British model, the CPC has been established by the Caribbean Broadcasting Association (CBA) and the Caribbean Press Association (CPBA).

The chairman is Mr. Aubrey Jeter, a distinguished Caribbean journalist and former judge of the Trinidad and Tobago Appeal Court, now director of legal education at the Norman Manley Law School, Jamaica.

There are 16 other members, eight representing the public and eight representing the press. The public members are selected from newspapermen's associations in the region and four media advisers from the CPBA. The appearance of the Press Council is an acknowledgement of the CPBA members that, in a world of the world served by at least 13 different Governments, there can be no guarantee that public authorities, or even a majority of them, will continue to respect the Western concept of Press freedom that has been inherited as part of the British colonial tradition.

The Council is a reaction to the gradual encroachments that many Governments of the Caribbean Community (Caricom) have been making into the idea of an independent Press. Many of these encroachments are made in the guise of acting in the public interest, such as heavy bonds that some Caricom states now require newspaper publishers to post before they can publish. These effectively threaten the survival of many of the region's small publishers already operating on economic shoestring but have been presented as being necessary to make newspapers more "responsible" and to demonstrate financial soundness in advance of any possible suits for libel.

The CPBA is acting on the theory that if there is an agency which can be seen to be willing to put the Press's own house in order and to which members of the public (including Ministers of Government) can turn to have grievances redressed, then Caricom territories contemplating restrictive legislation may be persuaded to think again. The Press Council is charged with the duty of processing complaints from the public about press conduct and, likewise, complaints from the Press about the conduct of people and organisations (including Governments) towards it. The Council is also meant to help safeguard Press freedom and to maintain, and improve upon, journalistic standards.

The Council's headquarters will be in Jamaica, where both Mr. Fraser and the secretary, Dr. Verold Hosen, acting director of the Institute of Mass Communications, University of the West Indies, live, but it will attempt to sit in different Caricom locations from time to time to deal with matters brought before it in order to give practical dimension to its regional responsibilities. The Council begins life at a time when the debate on the role of the Press in the Caribbean is at its height in many of the territories. Although the frontiers of freedom have recently been expanded slightly with the decision of former Vere Bird's government in Antigua to repeal the laws introduced by the former Government, which required newspaper publishers to obtain a licence from the Government and to deposit a \$10,000 Eastern Caribbean bond (about £1,900) as security against libel claims, the resurges on the regional Press remain severe. Tight Press laws still exist in

How could the world's best small interactive computer system be improved?

The System Ten, developed by Singer Business Machines, is acknowledged to be the world's most capable small interactive computer system in its price range.

It is so simple that you can converse with it in plain language: a novice can learn to program and operate it in days. Yet it is so powerful and versatile that it allows several people to use it for quite different jobs at the same time: for each of them the computer behaves as if it were entirely their own. Thousands of System Ten users around the world are enjoying these benefits. How to improve on them?

Only by adding improved facilities, more power and the strength of Europe's leading computer company: ICL.

In 1976 ICL acquired the international operation of Singer Business Machines. Since the acquisition, ICL has been working to improve the System Ten. The result? The System Ten 220 Series, which now offers increased processor speed, better disc handling facilities, greater store capacity and improved store flexibility. The cost? ICL has actually reduced the basic price of the new System Ten to under £20,000. This means more work at less cost.

With the full library of ready-written, ready-to-use application packages available in the UK, the System Ten 220 Series can be quickly harnessed to your work - speaking your language - giving you an immediate access to files and fast response to your enquiries. Your staff will find how easily the system can be used to process your orders, print out despatch documentation, monitor your creditors and cash flow, schedule your production and re-order your stock - in fact almost every operation that you need to conduct your business.

You can be confident in choosing a System Ten 220 Series computer because it now has the strength of Europe's most successful computer company, ICL, behind it. This means access to the best engineering, support and training services anywhere in the world. And the assurance that comes from choosing a supplier with a secure future. Thanks to ICL a good computer system is now even better.

U.S. fails to stop German nuclear deal

BY DAVID SELL

WASHINGTON, Feb. 16.

NUCLEAR talks between the U.S. and German Government over the sale of German nuclear power technology to Brazil have failed to persuade the Germans to back down on their \$8bn. contract signed up in 1975.

The Carter Administration has been trying to persuade Germany and Brazil either to delay or call off part of their contract, which involves not only the sale of nuclear reactors, but also help in constructing a uranium enrichment plant and a facility for re-processing spent nuclear fuel.

The main U.S. objection centres on the enrichment and re-processing facilities, on the grounds that these so-called "sensitive technologies" could give the Brazilians the capacity to produce nuclear weapons.

Mr. Carter has argued strongly for a ban on the transfer of "sensitive technologies" between countries that possess such technology and those that do not. The German deal has been sharply criticised here in recent weeks because it is considered to breach the tighter non-proliferation guidelines that the new Administration is stressing. During talks here last week Mr. Warren Christopher, the Assistant Deputy Secretary of

Advertisement for ICL System Ten 220 Series computer. Includes images of the computer system (monitor, keyboard, printer) and a coupon for requesting more information or a demonstration. The coupon includes fields for Name, Title, Company, Address, and Telephone, and checkboxes for 'more information' and 'demonstration'.

Vertical text on the left margin: Gate with... once... Zealand... business, but... benefits.

WORLD TRADE NEWS

New Courtaulds initiative in Far East markets

BY RHYS DAVID, TEXTILES CORRESPONDENT

COURTAULDS is to open a new office in Japan this month in a bid to expand its already rapidly growing trade in fibres and fabrics with the emerging textiles producers in the Far East.

Yesterday it had become apparent during the course of 1976 that with the devaluation of sterling and rising costs in competitor countries such as Japan, substantial scope existed for increasing sales in the area.

Record rail exports predicted

By Ian Hargreaves

THE U.K. railway industry is confidently predicting record export orders this year worth more than £80m. It emerged yesterday.

U.K. carpet exports up 51%

Financial Times Reporter

BRITAIN'S CARPET industry achieved record exports of more than £112m. in 1976—an increase of 51 per cent. on its 1975 total of £74m.

CARICOM

Lean pickings for exporters

BY DAVID RENWICK IN TRINIDAD

ECONOMIC difficulties facing some of the major member territories of the Caribbean Community and Common Market (CARICOM) have caused a sharp cutback in imports this year that is bound to affect British trade.

Capital goods. Earlier cuts on motor-cars (the import of which was stopped completely in February last year) and heavy equipment (computers, cranes, earthmoving machinery, steam rollers, etc.) will remain in force.

Middle East orders for SIR

BY PAUL BETTS

ROME, Feb. 15.

THE LARGEST private Italian chemical and engineering group, Societa Italiana Rasioe (SIR), which recently completed a major desalination plant in Qatar, announced today that it has been contracted by the Qatar Government to build a similar plant near Doha.

Sadelme of Italy and ASEA of Sweden, last year also won a \$30m. contract from the Energy Ministry for building eight power distribution stations in the province.

Iran in Nigerian project

BY RICHARD JOHNS

THE Iranian Management Engineering Group has won a \$10m. sub-contract from Tsvetmetprom Export (TSMPE), the Soviet state construction company, for providing various services for pipeline projects in Nigeria.

Equipment purchased will be from Western suppliers. The background to what might appear at first sight to be a curious deal uniting U.K. consultancy techniques and Soviet civil engineering is IMEG's responsibility for the design of the first Iranian gas trunkline to the Soviet Union.

New small ICL series launched

By Christopher Lorenz

ICL expects to win orders worth more than £100m. by 1980 for a new type of small computer system, with the vast majority in exports.

Lloyds Bank in Dubai

Lloyds Bank International has started next Monday in Manila, opening a full banking branch in President Marcos will open the Dubai.

Franco Italian discussions

By Paul Betts

THE FRENCH Prime Minister, M. Andre Rossin, scheduled to arrive here on Thursday for talks with Italian counterpart, Sig. Rinaldo Ossola. The visit is seen here as a continuation of the dialogue between the two Ministers started last month when Sig. Ossola went to Paris.

Table with 2 columns: U.K. Exports, 1976 1975. Rows include EEC, EFTA, C'wealth, etc.

Toyota and Nissan production falls

TOKYO, Feb. 15.

TOYOTA MOTOR and Nissan Motor both reported higher vehicle output in January compared with a year ago but production fell from December levels.

Polish order

Orders worth £3m. to supply equipment in Poland.

Chinese trade

Japan's two-way trade with China fell 20 per cent. in 1976 from a year earlier to \$30m.

Boeing order

Boeing said that Singapore Airlines has ordered three Boeing 727s for delivery in early 1978.

Cement for Venezuela

Venezuela will be required to import some 44m. sacks of cement this year in order to cover the deficit in national production.

Libyan award

Libya's Posts and Telecommunications Corporation has awarded Elis of Britain a 678,052 dollar (£1.1m) contract for the expansion of telex exchange in Tripoli and Benghazi.

Hong Kong contract

Hawker Siddeley Water Engineering has won a £62,500 contract with the public works department in Hong Kong to provide water engineering equipment for development of Shatin New Town in the New Territories.

Marilla talks

A top level group from the City of London leaves the U.K. this week for a three-day Anglo-Philippine financial conference.

NOTICE OF REDEMPTION To the Holders of Government of New Zealand Twenty Year 6 1/2% Bonds due March 15, 1986. NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-mentioned issue...

This announcement appears as a matter of record only. \$2,500,000 Wheel Trueing Tool Company (A subsidiary of Diamant Boart S.A., Brussels) Secured Industrial Revenue Bonds due 1992 (Issued by Richland County, South Carolina) The private placement of these securities with institutional investors in the U.S.A. was arranged by SoGen-Swiss International Corporation and Interstate Securities Corporation February, 1977



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مكتبة الصلح



HOME NEWS

Restrictive pay curbs cannot continue says CBI president

BY JAMES McDONALD

RESTRAINT of the present restrictive kind could not continue much longer, Lord Watkin, president of the Confederation of British Industry, said in London yesterday.

One, I would judge, is roughly between the £5,000 and £12,000 bracket. The other, just a little, is at the bottom-end of the scale in the so-called poverty trap area.

Difficult

It might be difficult for the Government to do enough for these people in the middle, but our Budget representations to be published soon will indicate priorities.

Present prices arrangements are outmoded and now largely irrelevant. Although the CBI had reservations about the content of the discussions now going on with the appropriate ministries, it did not want "some sort of new bureaucracy."

Poorest 'hit most by inflation'

BY MICHAEL BLANDEN

THE POOREST households have fared more than the rest of the population from the effects of inflation, according to the National Consumer Council.

Varley likely to set up engineering inquiry

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

GOVERNMENT committee of inquiry into the engineering profession seems almost certain to be set up by Mr. Eric Varley, Secretary, within the next few weeks.

Laker awaits U.S. approval

MR. FREDDIE LAKER, chairman of Laker Airways, will tell officials of the Department of Trade today that he wants to start the Skytrain cut-price Atlantic service as soon as he gets U.S. approval for it at a single London-New York fare of £59.

London insurers expect heavy Antwerp claims

HEAVY INSURANCE claims are expected in the London market for the fire at Antwerp Docks which destroyed warehouses and shops.



An artist's impression of the Hawker Siddeley Nimrod.

Unions increase efforts to win Nimrod decision

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE TRADES unions are increasing their efforts to win a change of mind by the Government in favour of buying the Hawker Siddeley Nimrod a re-act instead of the U.S. Boeing E-3A for Airborne Early Warning duties in Europe.

For some years, the public had been urged to "Buy British"—yet, when it comes to an item of significant cost, the Government is prepared to ignore this advice.

Supermarkets dominate sales of food to freezer owners

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

SUPERMARKETS have managed to assert their dominance of sales of frozen food to the rapidly growing number of home freezer owners after a period in which the big multiple retailers led the way.

Concern for waterways

BY JAMES McDONALD

THE BRITISH Waterways Board is concerned that under the devolution proposals to Scotland and Wales Bill the integrated system which it runs will become fragmented.

First fair trading order made against heating man

By Elinor Goodman, Consumer Affairs Correspondent

A CENTRAL HEATING supplier and installer made legal history yesterday when he was the recipient of the first order sought by the Director-General of Fair Trading against a trader alleged to have persistently broken the law.

Breach of such an order would be held as contempt of court and would be punishable by an unlimited fine or imprisonment.

World ship orders at eight-year low

BY KEVIN DONE, INDUSTRIAL STAFF

ORDERS held by British shipyards fell more than 1.25m. tons in the last three months of last year to their lowest point for several years.

The U.K., where 10,000 redundancies are threatened in the shipbuilding industry by the end of the year, is lying seventh in the league of leading shipbuilding countries with an order book of 2.95m. tons gross at the beginning of the year.

Coal 'has part in future'

BY JAMES McDONALD

COAL, nuclear power and conservation must contribute most to future energy needs, Sir Jack Rampton, Permanent Under-Secretary at the Department of Energy, told the Fuel Luncheon Club in London yesterday.

Accounting change gives cement group extra £5m.

BY MICHAEL LAFFERTY

A CHANGE in accounting practice has increased the distributable profits of the Bath and Portland Cement Group for the year ended October 31, by more than £5m. to more than £10m.

Similar action by Westland Aircraft in its 1976 accounts, published last month, led to an increase in after-tax profits from more than £3m. to more than £5m.

The new approach by Bath and Portland, which has the approval of auditors Peal Marwick Mitchell, came after the decision of the Accounting Standards Committee to suspend its standard on deferred taxation late last year following widespread protest from industry.

The opponents of deferred tax said that it introduced into the accounts theoretical balances which would never in reality be paid over to the Government.

This arises because to tax calculations businesses can write off plant and machinery completely in the year of purchase, whereas they probably provide depreciation only at much lower rates.

In addition, stock relief provides generous benefits increases in stock balances between one year and another.

The notion behind deferred tax accounting is that some or all of these reliefs might one day be "clawed back," as for example in cases where companies are not able to maintain an increased rate of capital investment.

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HOME NEWS

W plans to move British centre

STUART ALEXANDER

SWAGEN is to go ahead with plans to build a central house and headquarters at Keynes. This will bring the closure of five regional warehouses and the headquarters at Purley, Surrey.

The project was first put forward in 1973, when the cost had risen to £15m. Work is expected to begin on the 23-acre site, with the building ready for occupation by the summer of next year.

It is hoped that the Department of the Environment will accept the next development plan in the next few days.

Centralisation was shelved during the fuel crisis and the up in car sales, but the company said yesterday that its decision now would cut costs and give a better service to customers.

There are five existing warehouses at Ramsgate, Dover, Whitburn, and Whitburn (Scotland). They employ about 450 people. The distribution centre at Ramsgate employing 250 people will not be affected.

Postal chief seeks better productivity

Kevin Done, Industrial Staff, says that the postal service is facing a crisis of confidence and that productivity improvements in the postal business were vital if rising postal prices were to be retained.

Mr. Done said that the postal service had to improve its productivity and that the postal service was facing a crisis of confidence.

Quality allegations rejected

MICHAEL DONNE, AEROSPACE CORRESPONDENT

WESTLAND AIRCRAFT, acting on behalf of its subsidiary, Westland Helicopters, yesterday rejected the Ministry of Defence's allegations that unsafe parts were used for repairs to Bell 47 Sioux light helicopters.

Westland said investigations into the allegations were being conducted and that the company was satisfied that no unsafe components of this type have been issued to the RAF.

Diplomats give warning on service cuts

DAVID CHURCHILL, LABOUR STAFF

A FIRM warning that senior diplomats in Britain's embassies could take "direct action short of a strike" if the expected cuts in the Diplomatic Service were made came last night from the diplomats' trade union, the Society of Civil and Public Civil Servants.

Richardson predicts renewed growth for finance houses

MICHAEL BLANDEN

A CONTINUED role and renewed growth for the finance house was forecast last night by Mr. Gordon Richardson, Governor of the Bank of England.

Vickers sets up washing machinery division

KENNETH GOODING, INDUSTRIAL CORRESPONDENT

VICKERS signalled its intention yesterday of becoming U.K. market leader in the manufacture of industrial washing machinery by announcing the formation of a new division, Vickers-Aquamatic.

Cut yourself into the EEC

Trade and Industry

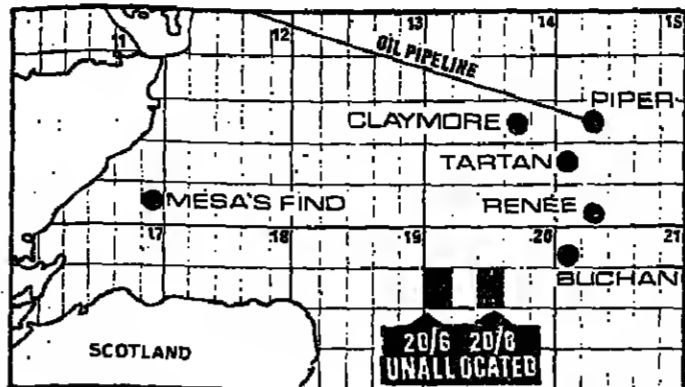
Nobody covers the EEC like Trade and Industry magazine. Because Trade and Industry is the only weekly with direct access to authentic Government news sources worldwide.

Advertisement for Trade and Industry magazine, including contact information and a coupon for a free trial copy.

Mesa Petroleum left out of new offshore round

RAY DAFTER, ENERGY CORRESPONDENT

MESA PETROLEUM, discoverer of one of the most attractive oil fields in the North Sea, has been excluded from the latest round of offshore licences in circumstances which are causing growing concern in sectors of the oil industry.



Mesa was one of several companies that applied for new licences in Quadrant 20 of the Moray Firth. What has upset Mesa and the other applicants is that two of the concessions offered to the quadrant have not been allocated.

The Mesa group, which includes P & O, one of the successful fifth round applicants, is continuing to evaluate the shallow water field on the 11/30 block of the Moray Firth.

Industry 'must attract more talent'

MORE TALENTED young people must be attracted into industry, Mr. Leslie Hucksfield, Parliamentary Under-Secretary, Department of Industry, said at Maidenhead yesterday.

"We are all agreed on the need to shift more resources into manufacturing industry. Part of the solution, I believe, lies in making industry more attractive to students and also in making courses in schools more relevant to industry's needs."

New men join Freight Board

IAN HARGREAVES

TWO SENIOR executives in the State-owned National Freight Corporation, Mr. Peter Thompson and Mr. Victor Paige, have been appointed to the Board.

Foreign tourists spend more in shops

By Michael Thompson-Noel

OVERSEAS visitors in London are spending more in shops and stores, according to the latest London visitors survey published by the British Tourist Authority.

Large advertisement for Wigham Poland Group featuring an image of the Eiffel Tower and text: 'Where in the world do they insure the Eiffel Tower? Through the Wigham Poland Group, of course. Our French Company, Cofast in Paris, is not scared of heights. As one of the world's largest insurance broking groups, Wigham Poland with its network covering five continents can help you with any insurance problem on land, sea or in the air.'





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Phase III: tax and the sinking industrial wage

BY COLIN JONES

Soares knocks at the door

PORTUGAL'S new timetable for EEC entry, sketched out by Dr. Mario Soares, the Prime Minister, in London yesterday appears to involve a more rapid move to full economic integration than he has previously suggested.

Agriculture

But Dr. Soares has left a number of important questions unanswered. He was less than totally clear at his Press conference about the precise target date he envisages for full membership, and he made no mention of agriculture, which is bound to be one of the most difficult issues for the entry negotiations.

If this recognition is not forthcoming, Dr. Soares believes that the authority of his minority Government will be undermined and the chances of a Communist take-over immeasurably increased.

Slow recovery in output

INTERPRETING THE index of industrial production is now a task more than ever an art rather than a science, but at least it is now possible to reconcile without too much difficulty the accounts of recent experience given by the Central Statistical Office and the Confederation of British Industry.

The picture given by the CBI survey held last month was that the proportion of firms working below capacity had fallen for four successive surveys, from a peak of 78 to 64 per cent.

1975 nadir For what it is worth, however, the answer to the value question does—making a rough-and-ready allowance for price movements—suggest a gradual rise in real output over the past 18 months while the answer to the volume question does show a consistent recovery trend since the summer of 1975.

IF THE social contract falls apart in the attempt to negotiate a third year of voluntary pay restraint, the Government will probably need to look no further for one of the principal causes than its own past complacency towards the greatly increased tax burden which it has placed upon industrial workers at all levels of earnings.

The contribution which income tax has made to the decline in living standards is brought out clearly in the chart. It records the changes at quarterly intervals since 1972 in the real value, before and after tax (and national insurance contributions), of the average earnings of full-time adult male manual workers in manufacturing industry.

In contrast, the real value of take-home pay, after tax and national insurance, has been declining more or less continuously since late 1973. Until now it has not been the quadrupling of oil prices or inflation generally which has eroded the living standards of the industrial worker, but Mr. Healey's reliance on fiscal drag and his increase in the standard rate of income tax to boost the Government's revenues.

The chart has been drawn up on the assumption that the average industrial earner is married and has two children under 11. However, the experience of the single person, the childless couple, or the larger family earning the industrial average has been broadly similar.

Men and Matters

Beflagged again

David Thomas, marketing manager of the George Tutill company which has been flag-making since the middle of the last century, works in a much misunderstood business, and he cheerily rattles off, then demolishes, a string of misconceptions about flags.

Welsh woe

is somewhat ironic for his family-owned firm, as the original George Tutill started it mainly to produce trade union banners, which are still made. Quite apart from the many tricky aspects to the subject of flying flags, the future is distinctly uncertain.

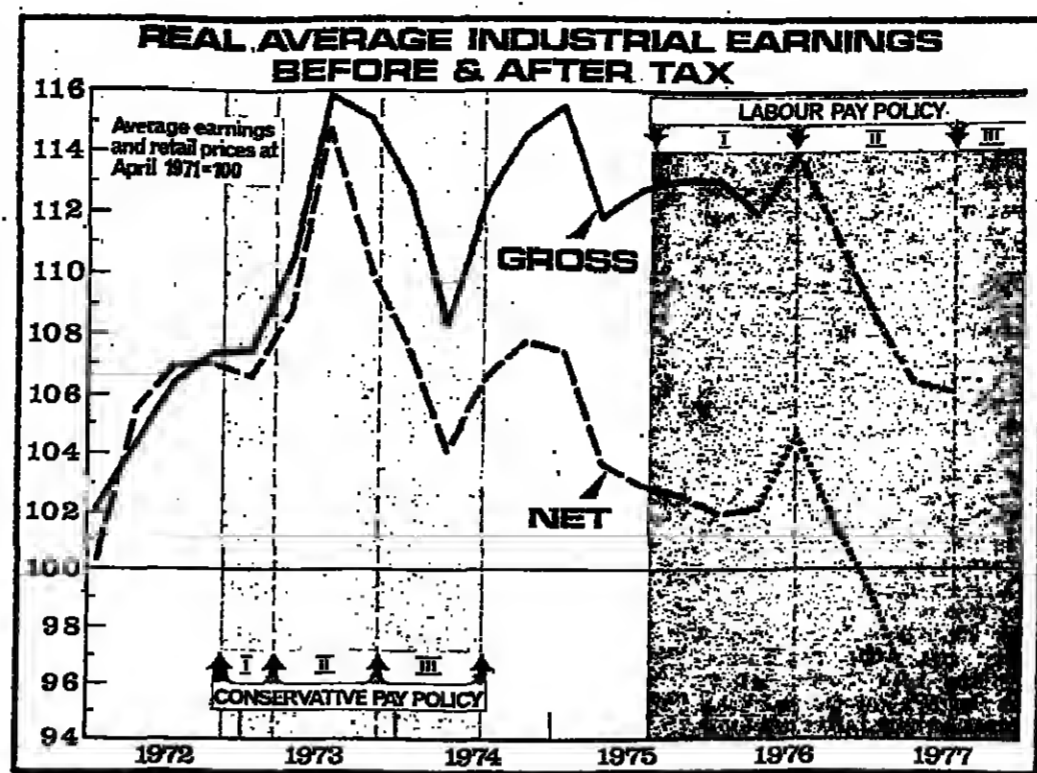


Table titled 'OPTIONS FOR PHASE III' showing 'Increase in Take-Home Pay' for 'Lower Taxes' and 'Higher Pay' scenarios. It includes columns for estimated cost, average earnings, and percentage increases.

while the threshold has been allowed to decline from the equivalent of 47 per cent of average industrial earnings to 42 per cent for the married man with two children under 11 and from 26 per cent to 20 per cent for the single person.

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"On the other hand it's ideal training for their entry into the labour market."

Irish catch

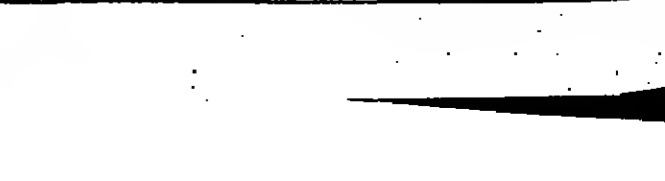
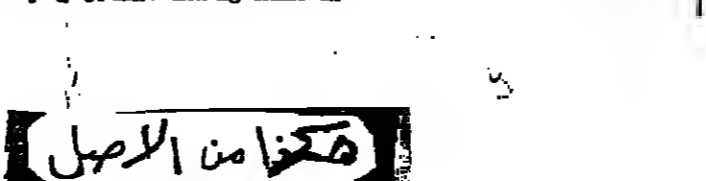
Having decided to press on with its decision to impose unilaterally a 50-mile fishing limit in the teeth of considerable opposition in Brussels the Irish Government is now working out exactly how it is going to police its expanded sea.

Three years ago a childless couple would have received £14.48 a week in supplementary benefit (including an average rent addition) and they would have started to pay tax, if the husband was employed, once he earned more than £14.91 a week.

Whatver the final sum, it is unlikely to go very far towards preserving real value of net take-home pay in 1977-78. One widely canvassed possibility is the restoration of a reduced rate of tax on the first tranche of taxable income—say, 25 per cent on the first £500.

The chances of inflation moderating to these sort of figures by 1978 are at best uncertain. So, too, are the prospects of Mr. Healey being able to "afford" as much as £2.5 billion in tax reliefs.

Advertisement for UDT (United Dominions Trust) featuring a list of services: 'As a leading finance house, UDT offers loans to the individual; and to manufacturers, traders and farmers, finance for vehicles and equipment.'



# FINANCIAL TIMES SURVEY

Wednesday February 16 1977

## London Metal Exchange

The London Metal Exchange Centennial year has started on a buoyant note with price increases for all five metals traded, including record levels for lead and tin. But the outlook is clouded with uncertainty about the world's economic state and the threat of shortages because of lack of investment in new mines.

### Clouds over the market

by John Edwards  
Commodities Editor

ONE HAS TO dig the grade of deposits worked and the difficulty of exploiting reserves, particularly from under the sea, all have an effect on the cost of the product. But as the British-North American Research Association warned in a special report recently reviewing mineral development in the 1980s, "the system by which capital has hitherto been found for mineral development has broken down."

The steep increase in exploration and production costs as a result of inflation has raised the amount of investment required for developing new resources to massive amounts, often beyond the resources of the mining groups which have previously managed to keep the world supplied with sufficient raw materials. At the same time the mining groups have been further handicapped by political developments which have discouraged investment in the third world, where the bulk of the world's natural resources are now concentrated. According to the British-North American Research report "hundreds of millions of dollars of capital that might have flowed to the Third World has been invested in developing alternative supplies in areas where the financial outcome is more predictable and the profitability more assured."

In other words there is a great reluctance to invest the increasingly large sums needed for metal mining projects in countries where nationalisation, crippling taxes or other imposts might make the investment worthless or non-profitable after a short period. This is a problem that will have to be solved urgently if the world is to have sufficient non-ferrous metal supplies in the 1980s since the gap between exploration and actual mine production is a long period of five to seven years or more. There are two main stumbling blocks. One, triggered off by the oil crisis, is the fear that producers of vital raw materials might decide to try to follow the example set by the oil producing countries and form supply cartels that could hold the consumers to ransom, possibly for political motives. It makes sense in that context for the industrialised countries to develop their own resources or develop substitutes, where possible to reduce their vulnerability, even if this is not a

sensible policy from overall world view.

The initial scare that a lot of mini-Opecs might spring up has lessened as further studies showed that cartels for other raw materials, with greater known reserves, are unlikely to be effective in the long term and certainly not during periods of industrial depression. However, there is also little doubt that producer cartels could play a significant role during times of shortage and industrial boom. Hence the move by consumer countries to take a much more sympathetic attitude towards efforts by the U.N. Conference on Trade and Development, amongst others, to encourage commodity pacts between producers and consumers to seek price stabilisation.

This leads to the second stumbling block: the need for price levels sufficient to encourage the investment required to ensure future supplies.

Not only do prices have to be high enough but also have to offer the prospect of remaining at a sufficiently high level to justify the investment. And it is here that the future role of the London Metal Exchange may be at risk. Demands by producers, particularly those in developing countries, for a more stable guaranteed return for the natural resources they

supply to the rest of the world, are receiving a much more positive response from consumers worried about the future supply situation. It is recognised that the days of obtaining raw materials on the cheap are numbered, if not gone already. The main complication is that the political repercussions of a swing in power from the industrialised world to the primary producers has made it that much more difficult to overcome the considerable practical problems of price stabilisation.

**Example**

A prime example is provided by copper, where producers and consumers negotiating directly appeared to be making good progress, but have since become bogged down by the political squabble over Unctad's elaborate plan for an integrated commodity programme and multi-buffer stock fund. In the International Tin Agreement too, increasing political arguments have handicapped the previous smooth working of the debate between consumers and producers.

Nevertheless it seems inevitable that eventually some consensus will have to emerge on price stabilisation, reducing the importance of the London

Exchange, which at present virtually sets the prices of copper, lead and tin worldwide outside North America, and which also has an important influence on the trend in lead and silver prices.

The success of the LME pricing system over the years, which has resisted all kinds of alternative attempts to control prices, is that its prices reflect all kinds of influences, not just the cost of production. The "real" price of a metal is what the buyer is prepared to pay for it, this has been based on a whole variety of factors, including eventually the availability of supplies regulated by the cost of production. But in the modern political world this might be a difficult argument to sustain, especially if the producer achieves a more dominant role, as seems likely.

This means that the Metal Exchange may well have to radically change the formula that has served it so well over the past century, since it started as one of the "coffee shops" in the City of London.

Already there is increasing criticism about the volume of speculation influencing Metal Exchange prices in recent years as a result of the big inflow of funds into commodity markets seeking protection from the ravages of inflation and currency

changes on "paper" money. The Bank of England sounded a warning in 1976 when it forced the temporary suspension of non-trade business in the zinc market because of too great an element of speculation being shown up in the careful, detailed, returns it now keeps on commodity trading. But too restrictive domestic curbs might deal a fatal blow to the LME's role as an international market. Pressure for a "clearing house" system to replace the principals' contract currently used, because of fears about some possible economic disaster undermining the financial base of the market, could also lead in the future for the Exchange.

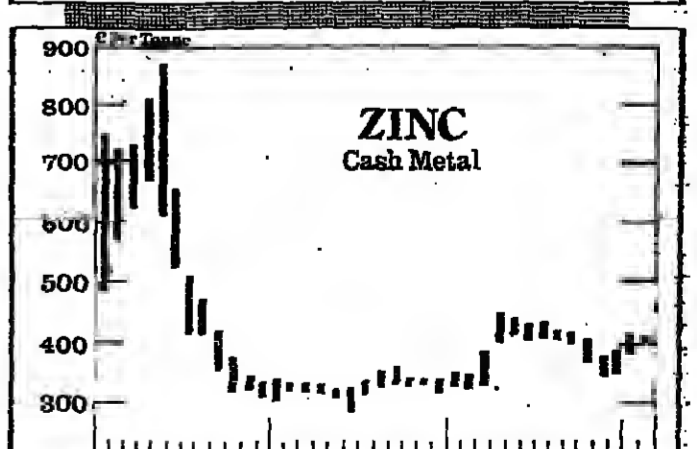
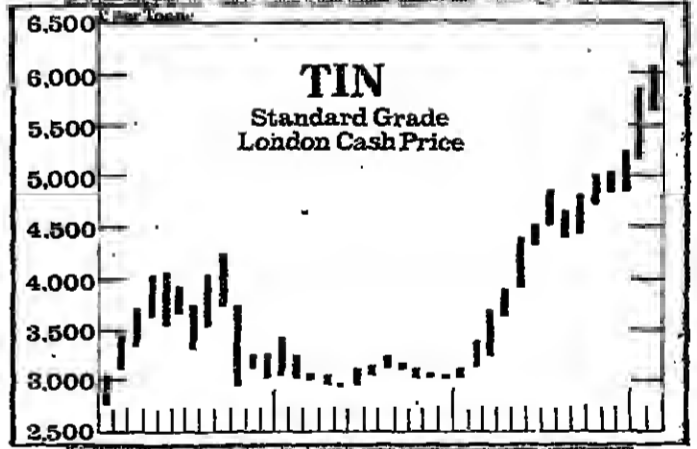
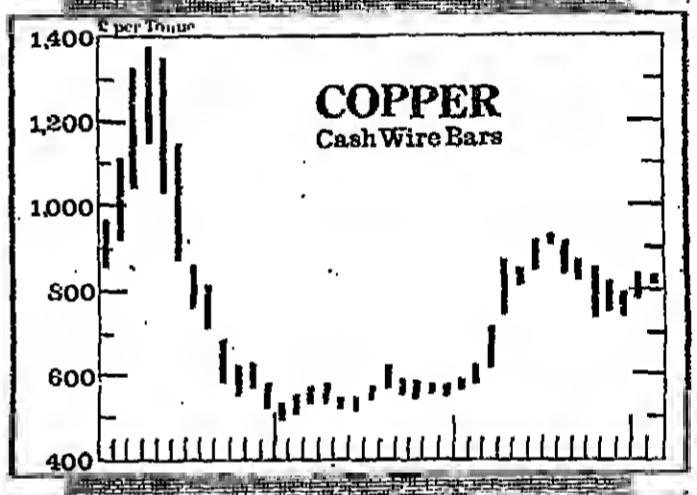
The failure to start any new markets on the Metal Exchange, since the silver contract was introduced in 1968 does not look too promising for the future, especially with several of the current metals traded likely to be subject to more outside price control.

But the Exchange has shown over the years excellent survival powers and ability to adapt in accordance with changing circumstances. Membership of the Exchange has been diversified considerably over recent years, lessening the previous dominance of one or two members



The trading ring at the London Metal Exchange.

### LONDON METAL EXCHANGE MARKETS (Monthly 'Highs' & 'Lows')



## Fortunes of the five metals traded

COPPER IS by far the most important market of the five metals traded on the London Metal Exchange. It attracts most interest, reflecting not only its supply and demand, but also acting as a general indicator of industrial and economic well-being worldwide.

In recent years the huge flow of speculative funds has sent the New York copper market (Comex) the lead in price movements. But the LME market is acknowledged as the major influence internationally, as its prices are used as the basis for direct supply contracts between producers and consumers all over the world except North America, where producers have their own fixed price system.

The London Metal Exchange market is also of great importance to those developing countries, which provide the bulk of the world's copper supply and rely on them as their main, often virtually sole, source of foreign exchange earnings. Hence copper is one of the ten "core" commodities in which UNCTAD is seeking to arrange its international price stabilisation agreements. Third world producers have also formed the Council of Copper Exporting Countries (Cocop) which for many years has been seeking methods of boosting prices to more "realistic" levels.

So far these efforts to control prices have failed, like past attempts when the combination of production throughout the world and the large volume of secondary scrap supplies have proved too difficult to regulate.

At present, because of high prices in the late 1960s and encouraged production, and there has been a low level of demand in the past two years, surplus

stocks of copper worldwide have built up to record amounts. In the London Metal Exchange warehouses alone there are over 600,000 tonnes, which compares with a previous peak of 180,000 tonnes in December 1973 and around only 10,000 tonnes during the early months of 1974 when prices reached their highest ever level of £1,400 a tonne.

Although present prices look high historically, they also include the sharp rise in inflation during recent years and the steep fall in the value of sterling in West Germany, for example, prices are at an historically low level.

**Surplus**

As a result it is estimated that present prices are below the cost of production for at least 50 per cent of the world's copper producing mines. Current surplus stocks, and the already planned increases in output, are expected to ensure adequate supplies of copper for the next few years. But with little investment attracted at a time when the cost of increasing production has risen enormously, an acute scarcity of supplies is expected to develop in the 1980s.

The long-term prospects, therefore, are for much higher prices, especially as substitution from aluminium is likely to be at a much lower cost than in the past because of the production and price problems which also face bauxite and aluminium producers, in producing a metal requiring a high energy input.

For the short-term the trend in copper prices is likely to be largely influenced by whether or not there is a sustained strike in the U.S. non-ferrous metal

workers, when their three-year labour contracts come up for renewal in the summer months. A worsening situation in Southern Africa, another big copper producing area—could have an important effect. So could possible moves by the U.S. to replenish its exhausted strategic stockpile of copper.

Tin prices are currently at record levels in both London and Malaysia the main market for physical supplies. Although Malaysia is planning to start a tin futures market to provide hedging facilities, currently only available in London, the LME is likely to retain its importance as the main pricing market for the industrialised world. Over the past 20 years tin prices have been subject to control within a "floor" and "ceiling" range set by the International Tin Agreement between producing and consuming countries.

A buffer stock, backed by production quotas when required, has enabled the "floor" to be defended successfully, with only one brief exception. But so far no means has been found of preventing prices rising above the "ceiling" in times of scarcity—as now.

The remarkable turnaround in the tin market during the past two years from a position where heavy surpluses depressed prices to the present shortage which is forcing prices higher and higher, is attributed not only to greater demand but also to the underlying basic problem that few new deposits of tin are being discovered, while the cost of exploiting known lower-grade reserves has risen fast.

In Malaysia, the world's biggest producer of tin, the problem has been further com-

pounded by shortage of available labour. Moves to exploit tin reserves offshore have made only slow progress.

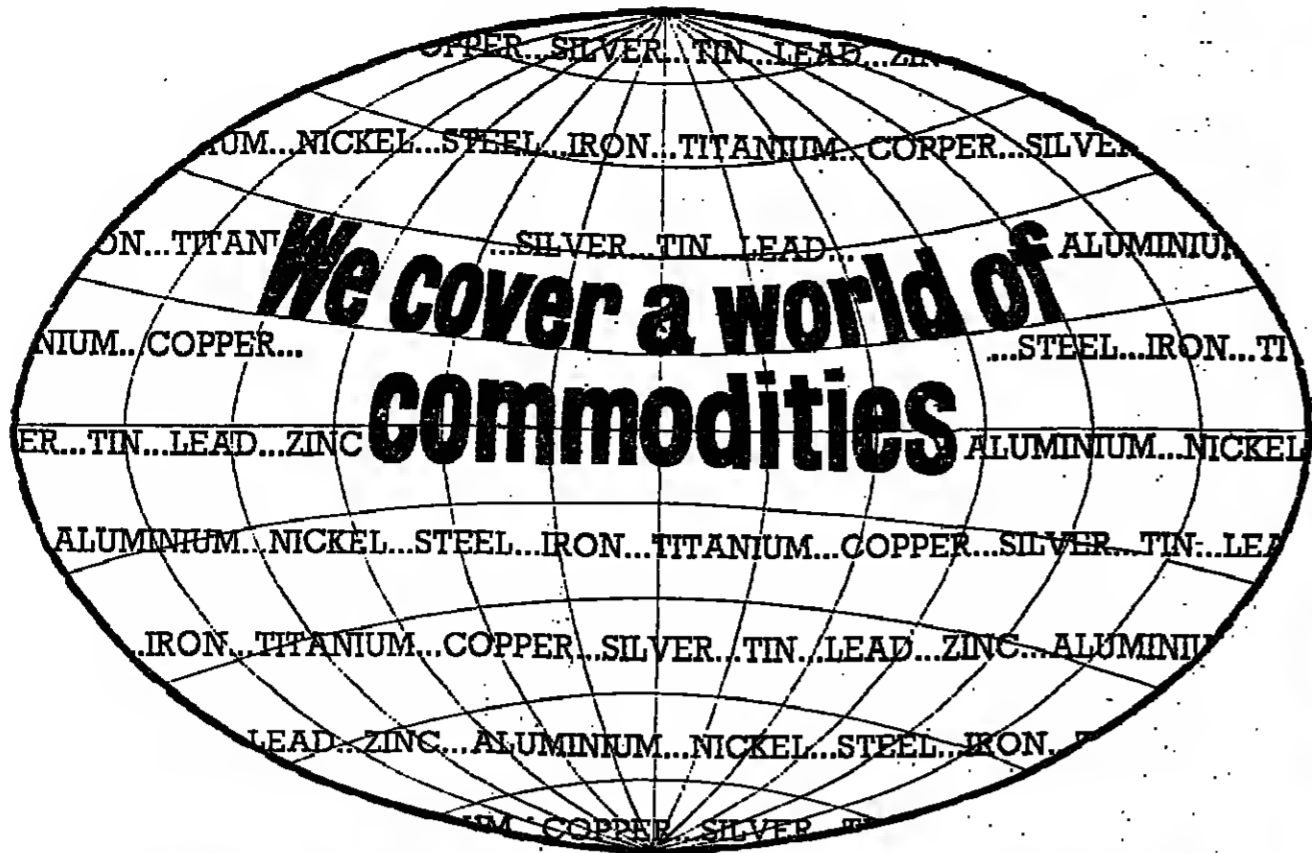
Some relief for the short-term shortage of supplies may come from releases by the U.S. strategic stockpile, which still holds over 200,000 tonnes of tin—equal to the world's annual consumption figure. However, stockpile releases, which have filled supply shortfalls several times in the past, are likely to be the subject of greater debate in the future in view of the diminishing amount held and their importance to the U.S., which holds no known reserves of tin. Prices are, therefore, expected to continue rising although the point is fast approaching when substitution or replacement will reduce the slow growth in tin consumption even more.

Lead prices are at record levels in the London Metal Exchange at present, inflated by the fall in the value of sterling. A large proportion of lead supplies comes from scrap sources—something like 60 per cent of U.K. total lead supplies. Consequently production fell during the industrial recession. At the same time demand for lead is kept steadily, if not spectacularly, growing by the increasing use of batteries—its main industrial use. Moves to reduce, and even eliminate the use of lead compounds in petrol, have been greatly slowed down by the oil crisis and the priority given to making the most of petrol supplies.

Unexpected extra demand from Eastern Europe, where a big Soviet Union smelter is believed to have suffered major production shortfalls that had to be made up by purchases

J.E.

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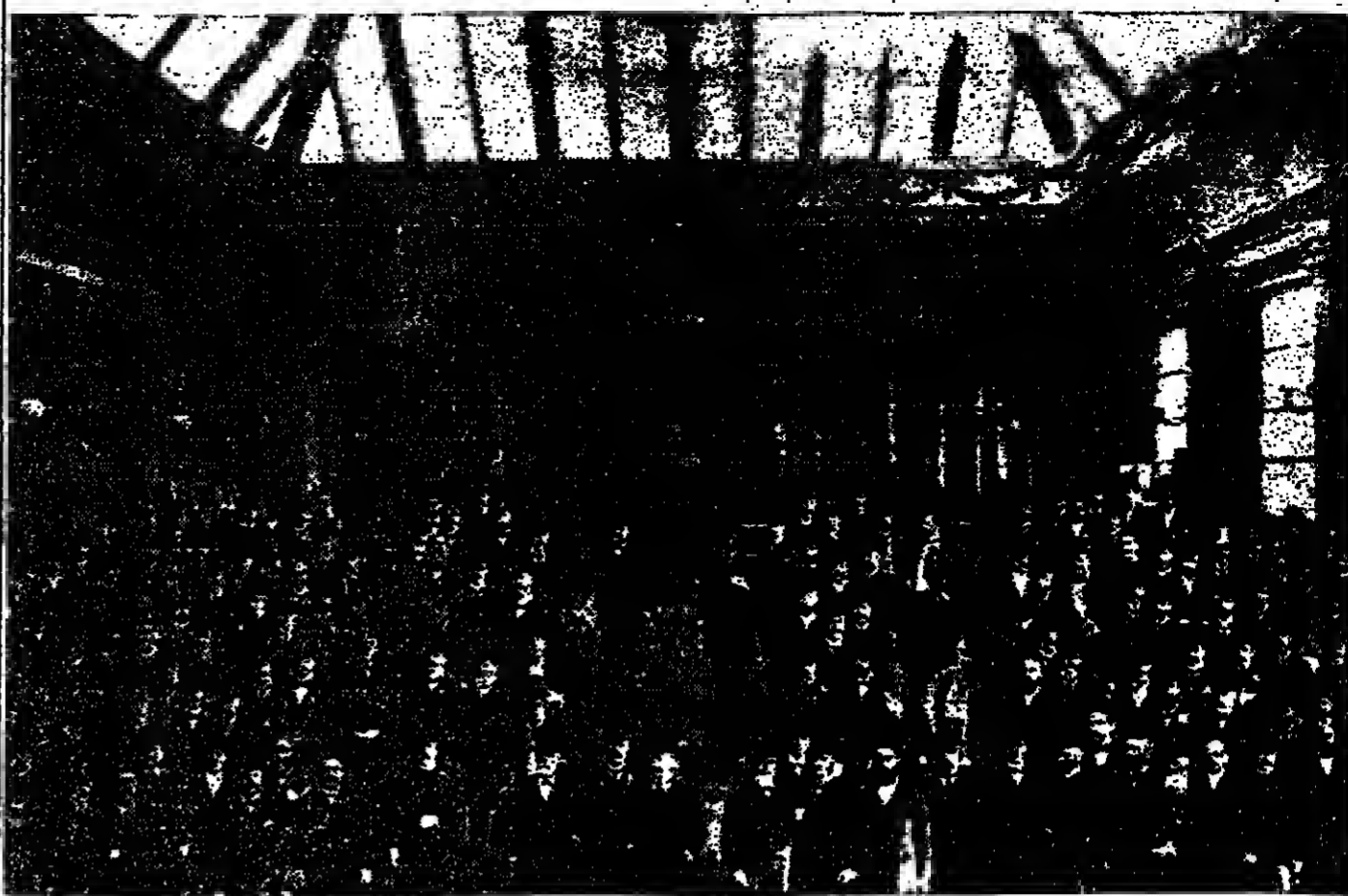


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Members of the London Metal Exchange pictured in 1897 in the Whittington Avenue premises. Since then a "false" ceiling has been installed, partly to prevent rain coming through which on occasions forced traders to put up umbrellas when trading to avoid getting soaked.

**The 100 years since Cowper Court**

IT IS HARD to trace a precise record of what must have been the many and sometimes fairly hectic changes and surges in the development of the body we now know and recognise as the London Metal Exchange. But there are records of some of the "key" developments, and from these it is possible to pinpoint at least some of the more significant steps in its evolution.

London itself emerged as a centre of international commerce with the establishment of the classic Bill on London which smoothed the path of merchant and importer, and the growth of the shipping and insurance markets all played their part. Commodity markets naturally gravitated there too, and the metal merchants were known to have met regularly under the roof of Gresham's rebuilt Royal Exchange.

Coffee houses seem to have a special place of their own in the evolution of the London markets. Along with Lloyd's and Garraway's the Jerusalem in Cowper Court saw the origins of two such markets—the Baltic and the Metal Exchange.

But to the metal merchants a less public and more specialised rendezvous was becoming a necessity. For a while they met in the newly opened Lombard Exchange and Newsroom. But the Lombard too was made use of by brokers in other trades and to this extent failed to give the metal merchants all the advantages of a home of their own.

It was found to meet this need as well as to establish their market on a more formal basis under set rules of conduct that they took the decision to set up their own company. This would be at once their local authority and responsible for their own premises. The London Metal Exchange Company was duly incorporated in the latter part of 1876. It had its headquarters in Lombard Court off Gracechurch Street, and it held its first meeting on December 19 in that year. The first meeting of the merchants and brokers under the auspices of the new company took place in January, 1877, and so the LME was born.

As happens from time to time even in the most staid organisations, there came a moment when the body of the members found themselves at odds with their Board of directors. The disagreement was in the main over the way in which the members felt that the Board had taken to itself responsibility for publishing and reporting the daily prices; it was not considered that the Board was closely enough in touch with the market for its members to be properly qualified for this task.

In consequence of this and other matters in issue, the members of the exchange met in January 1881 and resolved to set up a Committee of Subscribers which would be elected annually on a popular vote and which would be responsible for forwarding the interests of the membership at large. The first election was duly held in March of that year and the first Committee assumed office on April 25. Since then, the tradition of Committee elections in March and the new body taking office on April 25 has always been observed.

The Committee now functions with each taking full financial liability for his obligations made in the market, the LME has perforce to insist on a very high degree of financial "muscle" on the part of its Ring members. As volume of business has grown, and as prices overall have increased, so inevitably must these requirements be reviewed constantly to contain overtrading and preclude as far as is feasible the likelihood of one member putting his fellows at undue risk.

Whether this philosophy (for it really amounts to that) will continue unchanged is outside the scope of this article. What is historically certain is that it has survived from the earliest and most tentative days of trading on the LME.

The only interruptions of this continuity were the unavoidable closures during both world wars. Dealings in tin were recommenced in November, 1949, and other metals followed, with dealings in copper reintroduced in 1953.

How did it all work? This was a merchants' market and those with "something to do" at first merely used the exchange as a convenient place for meeting others who might also have something to do, and for making a bargain. The true open outcry market was still some way off.

The exchange had by this time consolidated its authority as the source of representative prices for the metals traded there and in so doing it had set certain times of the day for official trading. The periods were short from 12.30 to 1.15 and from 16.00 to 16.30, and the patter of concentrated official trading in the room after a morning of dealer-to-dealer trading in preparation was established as early in the LME's history as this.

Next came the bappy thought of one of the members who traded in copper and tin. These metals were in many senses the founders of the whole LME dealing system, since they were the first to be traded in appreciable quantities, as well as being the best suited to some form of standard contract. Here, it was possible to trade in defined lots of metal of a recognised quality at a given location, in short, to conduct true terminal market business.

It is said that this member took a piece of chalk from his pocket and drew a ring on the floor of the room. All took their places around it. Now it was possible for a true open outcry market to be conducted with bids and offers called to the Ring, the whole proceeding being timed by an official with a watch and a bell.

Since then, and apart from the introduction of the now familiar circular benches, very little has changed outwardly as far as Ring trading is concerned. With the introduction to Ring dealings of new metals (first lead, then zinc and latterly silver) and the splitting of the old standard copper contract in 1963, the trading times have been expanded. But the afternoon market continues to be officially "unofficial" and if the secretary with his watch and handbell has been replaced by electronic clocks then the hubbub of Ring dealings has virtually unaltered.

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those of copper and tin. In the warehouse, but ex-ship. Furthermore, they did not originate permit trading in date-half-monthly delivery period being decreed.

Both markets have since those days come into line with the overall LME concept of an in-warehouse contract prompt any market day up to three months forward. Delivery course must be at a location selected by the seller; without this protection sellers would find themselves forced to carry stocks of metal in each approved warehouse against the whim of any buyer, and if added cost to the whole, their most tentative days of trading operation is easily seen.

The basic problem with LME contracts—aside from "which warehouse"—must mean that of providing a market broad enough and with sufficient "chips" as to be impervious to squeezing of available supplies. At the same time an within the same parameters that market must allow for a buyer or a seller to be sure that the material of as nearly as possible standard quality to be bought and sold forward—de-livery also to be implicit on standard terms.

At the outset there were two contracts—for Chile bar copper and for Straits tin. The market moved forward; trading periods was set early on at three months; this being the average voyage time from Chile via the Horn, and from the Malay Straits via the Cape of Good Hope. This period still obtains, and it is amusing to note that with all the refinements of technology the voyage time to-day is not all that different.

Copper and tin proved not too difficult to pin down as to quality. Once instituted, in 1888, the standard copper contract survived with upward changes in purity requirements right up to 1963. In that year three contracts were substituted, of which two—electro wirebars and cathodes—are still used. The third, for fire-refined copper, ceased to be traded in the Ring in 1968, though it continues to be priceable at a set discount below electro.

The tin contract proved just as durable—and this in a metal more than usually subject to political and other vicissitudes. After crystallising as such in 1912, the standard contract remained largely unaltered—notwithstanding the disturbing effects of such outside influences as stockpile policies, some made for economic and others for strategic reasons. In 1974 the standard contract was joined by a high-grade contract for tin assaying not less than 99.85 per cent, and to date the two are traded concurrently in the same Ring.

Of lead and zinc the latter proved the more difficult to pin down as to quality, though both have for some years been successfully traded. Zinc in many ways has problems of its own in that a reasonably generous purity requirement (98 per cent zinc) has the odd side-effect of admitting as good LME deliveries various grades which, although of higher purity can in fact be less attractive to users with certain applications in mind. It could well be that some form of high-grade zinc contract would be a welcome addition to the market's range, zinc (both of which are produced within the Community) for some time after their introduction to the market, the lead and the zinc contracts followed different paths from of foreign exchange restrictions.

**Decision**

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**Contract**

The ABC of a terminal market is that it is a forum where futures are traded, but where eventual delivery of the goods is also possible. This entails the amalgamation of the requirements for each into a contract providing for a standard lot of material of as nearly as possible standard quality to be bought and sold forward—de-livery also to be implicit on standard terms.

At the outset there were two contracts—for Chile bar copper and for Straits tin. The market moved forward; trading periods was set early on at three months; this being the average voyage time from Chile via the Horn, and from the Malay Straits via the Cape of Good Hope. This period still obtains, and it is amusing to note that with all the refinements of technology the voyage time to-day is not all that different.

Copper and tin proved not too difficult to pin down as to quality. Once instituted, in 1888, the standard copper contract survived with upward changes in purity requirements right up to 1963. In that year three contracts were substituted, of which two—electro wirebars and cathodes—are still used. The third, for fire-refined copper, ceased to be traded in the Ring in 1968, though it continues to be priceable at a set discount below electro.

The tin contract proved just as durable—and this in a metal more than usually subject to political and other vicissitudes. After crystallising as such in 1912, the standard contract remained largely unaltered—notwithstanding the disturbing effects of such outside influences as stockpile policies, some made for economic and others for strategic reasons. In 1974 the standard contract was joined by a high-grade contract for tin assaying not less than 99.85 per cent, and to date the two are traded concurrently in the same Ring.

Of lead and zinc the latter proved the more difficult to pin down as to quality, though both have for some years been successfully traded. Zinc in many ways has problems of its own in that a reasonably generous purity requirement (98 per cent zinc) has the odd side-effect of admitting as good LME deliveries various grades which, although of higher purity can in fact be less attractive to users with certain applications in mind. It could well be that some form of high-grade zinc contract would be a welcome addition to the market's range, zinc (both of which are produced within the Community) for some time after their introduction to the market, the lead and the zinc contracts followed different paths from of foreign exchange restrictions.

It has been precisely in negotiating these difficult waters that an LME Committee itself comprised of representatives of all sides of the equation has more than justified itself. Some how this body has reached agreement among its constituent members and has produced a demand a bridge over the gap between being too close to the game to see the broad picture and being too detached as not to appreciate the finer points.

The gradual spread of the approved delivery points within which are situated registered warehouses (the LME, contrary to some popular belief, merely approves and in no way owns or controls its registered warehouses) has moved in parallel with the spread of the interests making use of the market. From the early and formulative years of London merchants taking delivery in warehouse within the U.K.—or of lead and zinc ex-ship in the Thames—there has developed a nexus of warehouses mostly on the Northern European seaboard.

This spread only commenced in recent years, and there is as yet no way of defining how far beyond this immediate area it may go. Rotterdam was the first port to be taken into the LME-deliveries system, early in the 1960s, and this was followed, by Antwerp, Hamburg, and Bremen.

Even this geographically rather modest development has brought its problems: VAT and some form of high-grade zinc contract would be a welcome addition to the market's range, zinc (both of which are produced within the Community) for some time after their introduction to the market, the lead and the zinc contracts followed different paths from of foreign exchange restrictions.

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مكتبة المصلح



# LONDON METAL EXCHANGE III

## Inside the dealing room to-day

ENDING THE London Metal Exchange is the first problem someone who wants to see internationally important market in operation. Most London taxi drivers will look blank when asked to shake their heads if asked to go to the Exchange; the same is also likely if told the Exchange address is in Leadenhall Market. A request to the Exchange should be made, but finding the change is still a major exercise even after threading past meat and produce stores to search for Whittington Avenue, which is distinguished first sight mainly by a lurid magazine shop and a cafe specialising in the luncheon trade.

The Exchange building is marked only by a discreet sign at the door, which gives little indication that a few yards away millions of pounds are changing hands daily. Casual visitors are not encouraged, unlike the "soft" (non-metal) commodity markets which have built-in public galleries, and security reasons have made entry more difficult. Visitors to the Exchange either have to be guests of member companies or officials, or bear the considerable cost of being an associate member.

Once inside it becomes obvious why traders on the Exchange are described as ring-dealing members. The trading area is dominated by a big circle of four large curved pew-type benches, comprising nearly two-thirds of the 40 seats available on the Exchange where the ring-dealing members sit either stolidly and taut with excitement during busy periods or languidly with bored expressions, during inactive periods.

The ring is dominated by a large flat copper bowl in the middle, which turns out to be a mundane ashtray. Above, behind the rostrum, where the settlement prices are solemnly read out every trading day at the end of the second morning ring-trading session, are the chemical symbols of the five metals traded—copper, tin, lead, zinc and silver—lit up individually to show which metal is actually being traded. A large block of numbers, which lights up on occasions, may also be seen. The visitor on a first occasion who is seeking some way of identifying price trends from the market jargon exchanged between members. In fact the block of numbers are merely a list of the telephone box numbers, which light up when there is an unanswered incoming call.

### Sessions

Trading sessions are concentrated into short bursts of five minutes for each of the metals, signified by the ringing of a bell at the end of the session, when no further bids or offers can be made. This means that a busy trading session in copper, for example, amounts to a climax of activity with traders frantically trying to conclude their business just before the bell. It then abruptly ends to be followed by, possibly, a quiet trading session in another metal where there is little interest or activity and traders and helpers leave the ring to be bored few swopping desultory bids.

Behind the benches are the clerks and helpers, noting down details of the contracts agreed between the traders across the

ring and rushing back and forth to the company phone box, with direct lines to the office, in order to provide a commentary on what is going on and take in orders or instructions. For those unfortunate companies whose telephone boxes are far away from their ring seat, the cause of restricted room, the clerks often use "tie" methods to their colleagues on the telephones to keep them in touch with what is going on. The Exchange committee has been somewhat unhappy about this since the similarity with bookmakers on a racecourse is inescapable and tends to reinforce the image of a gambling casino—a term which critics have used frequently over the years to ruffle the feathers of the Exchange members.

Potential criticism about lack of equal opportunities has been forestalled recently by the introduction of the first female trading clerk to be working on the ring, although so far the Exchange has not thought it necessary to introduce extra facilities for her comfort. There has been no written rule actually banning women from the Exchange; they just have not been assigned there in what is still very much a man's world—the number of women at the Exchange's annual dinner can be counted on one hand from the 2,000 or so guests present. But it appears that another City exclusive male bastion has quietly howed to modern pressures.

But past traditions remain. Membership of the Exchange is jealously guarded by the Board, which is responsible as landlords for the day-to-day running of the Exchange, and the annually elected management committee which decides on all

matters affecting trading on the ring—a legacy of the time when the Board refused to introduce some reforms required by a majority of the member companies. There are also the "kerb" trading sessions, distinguished from the "ring" dealing sessions. The description "kerb" dates back to the time when the traders used to congregate outside the building to continue trading, much to the annoyance of passers-by and the traffic. So they were moved back into the building for these so-called informal sessions which follow the ring-dealing periods. However one rule remains—a fine of £50 for any trader in the Exchange building after 5 p.m.

The official closing prices of the Exchange are the settlement prices on which most supply contracts are based, at the end of the second morning ring at 1:30 p.m. This is because of the practical impossibility of sorting out contracts and possible disputes after the end of the afternoon session—the "unofficial close"—in time for members to get home at a reasonable hour. The daily exchange of warrants each morning, as delivery dates fall due, already makes for a late start, with first trading session at 12.00 noon, meaning a late lunch prior to traders getting back for the opening of the New York metal markets.

Trading etiquette on the ring is very strict. No smoking is permitted during ring-dealing periods (although this is relaxed during the "kerb" sessions), swearing is fined, and traders are not supposed to direct their offers to buy or sell direct to any other member but "across" the ring so that everyone has a fair chance to respond. The first acceptance is obliged to take at least one lot, but can then farm the rest out to anyone else interested. The LME encourages the principals, or at least senior executives of the member companies, to trade on the ring. Although this is no longer carried out by many companies, whose senior executives prefer to stay back in the offices, there are a considerable number of senior dealers still trading on the ring, in sharp contrast to the "soft" commodity markets where the traders tend to be much younger, rowdier, and rely more on instructions from the office. Quick thinking, especially in calculating figures, is the main attribute of a good "floor" trader on any market, but on the Metal Exchange "ring" a loud, clear, voice and confident manner is just as important, since being distinguished above the uproar in a busy trading period can make all the difference in seizing the best market opportunities.

### Strange

It seems at first a strange and peculiar way to spend the day, or a lifetime, earning a living, shouting across an empty circle at a group of men doing exactly the same. It seems even stranger that the prices of vital raw materials should be decided in this apparently haphazard manner especially during hectic periods of activity that often break out when the noise of voices all shouting together seemingly makes it impossible for anyone to understand what is going on, let alone be committing themselves to transactions worth many millions of pounds each day.

But the traders claim that the alternatives would not work as well, with computers, for example, being unable to distinguish between important influential buying or selling from a particular quarter, as well as not having the personal touch in spotting trading opportunities. In any event trading on the London Metal Exchange is positively civilised even at the busiest of times when compared with the rough and tumble of other commodity markets, particularly the all-powerful Chicago Board of Trade grain futures pits, where tempers get frayed under the intense pressure and blows, kicks and fights in an effort to gain attention are part of the normal day's trading pattern.

In fact the importance of the LME ring is gradually diminishing, with a large proportion of the total business now being done in "before" and "after" hours inter-office trading by telephone and telex between metal traders. Nevertheless ring dealing sessions publicly express to anyone interested the prevailing prices of metals decided by a consensus of the world's buyers and sellers meeting at my central point. So far it is the best method found of "free" market trading and has thus survived and prospered despite its apparent out of date existence.

R. Gibson Jarvie  
Executive Secretary,  
London Metal Exchange

John Edwards



Leadenhall Market in 1882, which was the year the London Metal Exchange moved in.

## Copper

CONTINUED FROM PREVIOUS PAGE

out here happily the Committee and the Bank of England were not slow to get together and work out the "Metals Scheme" which has taken away many of the very real problems which could well have beset members and their clients who might (and probably would) have sought in London for sterling metal which was located in Rotterdam or Hamburg.

The scheme originated shortly after the reintroduction of the market in 1949, and has resulted in a regular liaison between the Bank and the Committee of the LME with quarterly meetings at formal level interspersed with more frequent informal and usually constructive encounters. This is of course a relationship of which the LME is both proud and fond.

It speaks well for the founding fathers of the LME—taking

all in all—that both the basic philosophy and the detailed elements of the exchange have survived for so long with so little redesign or restructuring. In terms of trade, politics, technology and economics the past hundred years have after all been eventful ones. They have brought great changes and on occasion vast disturbances of the arena of international commerce. That the LME has weathered all this with so little apparent difficulty is probably because by its nature it is a highly flexible organism and capable of almost indefinite adaptation to changing circumstances.

If there are any qualms about the coming decades they would be in connexion with this very matter of rigidity. Intervention is a potentially dangerous state of mind if allowed to be carried too far, and in a

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# LONDON METAL EXCHANGE IV

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THE LONDON METAL Exchange is neither one thing nor another. It is not a proper commodity futures market since trading is confined to only three months ahead for the base metals and seven months for silver. Nor is it particularly significant as a physical market since the vast proportion of the trade in the metals quoted—copper, tin, lead, zinc and silver—is done by direct supply contracts between producers and consumers (fabricators). Yet the LME daily quotations are the basis used for deciding the price of copper, tin and lead charged by producers outside the North American continent and are an important influence in base metal pricing throughout the world. This pre-eminent role has been built up during the past 100 years on a strange formula that makes the London Metal Exchange unique among world commodity markets.

For a start trading on the Exchange is on a principals' contract—in other words every transaction concluded is between the individual ring-dealing member companies, who each bear the financial responsibility for honouring the contract terms. It does not go through a central clearing house as with other futures markets, although there is some central sorting out of warrants and payments due each day to avoid unnecessary duplication of metal and cash deliveries among members. Nevertheless each company is individually responsible for meeting commitments across the ring, using a common LME standard contract which has another unusual feature—the deliberate exclusion of any force majeure clause which is normally included in any supply contract to allow for some unforeseen development, beyond the control of the supplier, to be given as a reason for non-delivery. Under the LME contract the commitment to supply must be honoured whatever the circumstances.

is claimed that in this way trade hedging and use of the market is actively encouraged by reducing the cost involved to a minimum. If a clearing house system was introduced this would inevitably involve the payment of a margin to the clearing house which most member companies, if not all, would be forced to pass on to the trade client, thus effectively putting up the cost of trade hedging business.

### Margin

Although other futures markets with clearing house systems, like cocoa and coffee, include large trade hedging participation, some LME members claim that fabricators would simply stop or greatly reduce their trade business if faced with the large sums involved in putting up margins. On the other hand, Exchange traders are effectively giving the trade users of the market three months credit and this basically prevents them from extending the trading contract facilities available to a longer time ahead, say 13 months, which is often needed for hedging purposes.

Business beyond three months can be done with individual member companies, who simply add on the interest rate calculated on a monthly basis to arrive at the cost of the metal to be bought, but "paper" hedging transactions have at present to be rolled forward every three months—an expensive, time-wasting exercise that does not provide a true hedge for anyone wishing to make price commitments for a longer period ahead than three months. The silver contract of seven months ahead is purely a compromise recognition of the small percentage of trade business in that particular market and the longer periods ahead offered by the bigger, better established, silver markets both in London (operated by the bullion brokers) and in New York and Chicago.

### Physical

The exclusion of a force majeure clause is in keeping with the Exchange's unusually strong links with actual physical trading of metals. Normally commodity futures markets comprises mainly "paper" transactions only, with purchases and sales cancelling each other out before the date of delivery falls due, and only a very small percentage of the actual commodity is traded through the market. But on the Exchange the percentage of physical transactions is very much greater, although still dwarfed by the "paper" futures business. The Exchange is a residual market of last resort, for both producers and consumers; a place where surplus supplies can be dumped in times of plenty and where extra supplies are sought in times of scarcity. The amount of metal stocks held in the LME appointed warehouses, scattered throughout Britain and Western Europe, has a definite influence on market price trends since, although small in total world volume terms, the stocks do represent that final fraction that makes all the difference between a situation of shortage or surplus.

The links between the Exchange and the physical trade are even stronger. Unlike any other futures market, business within the three months ahead quoted can be specified for a particular trading day and there can be considerable differences between the supply availability from day to day that can be ironed out by borrowing or lending according to the day's requirements.

This daily trading enables a hedging transaction to be fixed far more closely to the physical date of delivery, providing greater protection against price fluctuations, and also enables fabricators to use a special "back pricing" formula incorporated in the direct supply contracts with producers whereby the fabricator has a wider choice of when to price his supplies received apart from the actual date of delivery. On occasions he can decide in price the supplies received on the day before delivery if the market has risen in the meantime. This enables the fabricator in turn to be able to offer a firm price to his customers without risking a serious loss.

Service to the trade by the LME members is taken even further in that the bulk of trade clients do not have to put up margin or deposit for forward transactions despite the financial commitment involved. In turn the members themselves do not charge each other deposits on future business. But since the end of the 19th century both the mining industry and the industries it feeds a member feels may represent a financial risk, however small. It

safety of a clearing house system.

But so far members have only agreed in principle to a compromise formula, of a self-monitoring scheme, whose details are yet to be worked out properly. The intention is to have a system that gives prior warning of any potentially dangerous financial situation building up so that evasive action can be taken in time. This may mean raising the guarantees provided by the member companies to a much higher, common, level of say £5m, which at present is only provided by some new members and not by older member companies whose guarantees were set at a much lower level. It may also mean raising contributions to the existing compensation fund which pays within its resources, compensation for any losses suffered by ring-dealing members trading with each other but does not compensate outside clients for any losses incurred if a ring member is unable to meet its commitments. But these reforms are as far as some members wish to go, since they consider the principals contract to be vital to the success of the Exchange in contrast to a clearing house, which would put it on a par with other futures markets, like the New York copper and silver market (known as Comex) whose influence on the rest of the world is far less although it has a greater volume of turnover annually mainly resulting from the big flow of speculative funds that pour into all the U.S. commodity markets.

In recent years there is no denying that speculative involvement has also grown on the London Metal Exchange reflecting the general world uncertainty about inflation, currency instability and concern about raw material resources triggered off the oil crisis. But it can be claimed that many aspects of this increased speculative activity is beneficial to trade interests, particularly in supplying the extra funds required to carry the big surplus stocks that have built up recently especially for copper.

The market mechanism is so geared that in times of surplus the rate of contango (discount of the cash price compared with the forward three months quotation) represents competitive return compared with other interest rates, even if the action is somewhat more complicated. It involves buying the actual metal at the spot price, receiving in return the negotiable warehouse warrants, and selling an equivalent amount forward at the higher three months price.

The warrants are then delivered against the sale in three months time. The locked-in profit—the difference between the cash and three months—is the "interest" rate, less the costs involved in storing and insuring the metal held in the warehouse during the interim period, plus the brokers' commission. This type of investment has become increasingly popular with banks and financial institutions in recent years but will of course only continue while the over-supply situation ensures a contango offering rate of interest that on occasions can be much higher than other competitive investments.

The Exchange has also attracted a whole new type of so-called long-term investment from speculators disillusioned with the instability of "penny" money seeking safety in raw materials, like metals, whose prices must eventually rise in line with increasing costs of production world wide as the supply of natural resources diminishes or at least becomes much more difficult to find and exploit.

It is estimated that without this extra inflow of funds copper prices, for example, could have been at least £100 a tonne lower than present levels while producers would also have been faced with a greatly increased burden in carrying extra stocks. While this may have benefited consumers in the short term, it could have had serious repercussions for future supply prospects.

**Triumphed**  
There have been numerous attempts to find methods of stabilising the price of base metals to a greater degree compared with the daily fluctuations on the Metal Exchange that bring not only considerable uncertainty for producers especially in the developing countries relying on metal exports, but also for consumers having to plan their production costs well ahead. But so far the Metal Exchange price mechanism, with all its faults, has triumphed. In North America, producer prices have been imposed by the leading companies, who are also fabricators and therefore to a significant share of their output. Nevertheless they have to move in line with the LME quotations to remain competitive, especially when there is a surplus situation.

Western world zinc producers have also introduced in recent years a European producer price to cover the bulk of the trading outside the U.S. and changes in exchange rates and a gross surplus of supplies, but recently made this price something of a farce and it survives, for the moment, virtually in nominal form.

Tin values have been controlled to an extent by the International Tin Agreement, except above the "ceiling" level. But efforts to control copper and lead prices have always failed, partly because of the large percentage of uncontrollable scrap supplies and partly because there are many powerful market forces at work, especially in the case of copper.

### Role

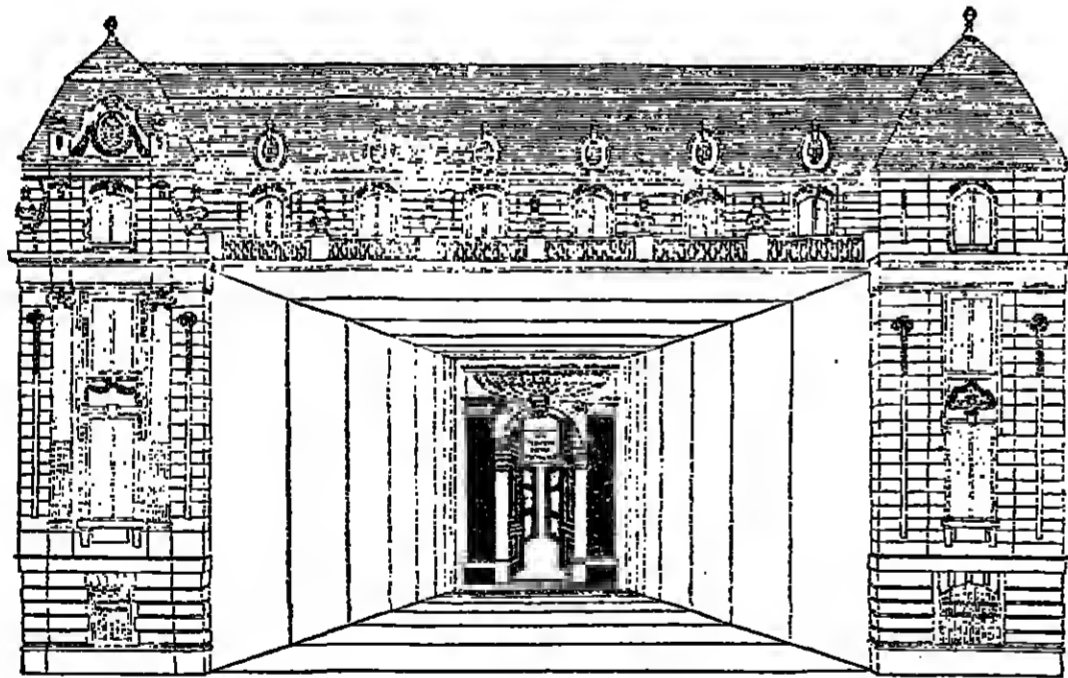
Thus, on any reckoning of the supply-demand situation for copper in 1974-75 and the effect this had on LME prices, it would have been better for the Zambian mines to stop production. Yet, given the role of the mines in the economic and social fabric of Zambia, this was clearly an impossible solution. Indeed the role of mineral exports in the economic development of the copper producing countries like Zambia, Zaire, Chile and Peru has led their collective organisation, CIPEC, to seek a means of fending the market.

While it is true that this search has so far had scant success, the fact that it is taking place serves notice that producers are not prepared to accept the LME as a pricing medium when the prices it throws up are insufficient to meet the wider demands of internal policies being worked out domestically. The old free enterprise system has been diluted.

On the face of it this looks like a clash between governments and the market, but even the independent mining companies have reservations about the LME, at least when prices are low. "This anachronistic and volatile method of pricing should have been relegated many decades ago to an economic museum," said Mr. J. Vulliamy, the then vice-chairman of the American group, Amax, in 1974.

In the longer term, the development of a wide industrial base in producing countries outside the U.S., Canada and Australia, would in any case tend to diminish the pricing role of the LME because a greater degree of processing could take place in the country of origin.

As the Canadian consultant



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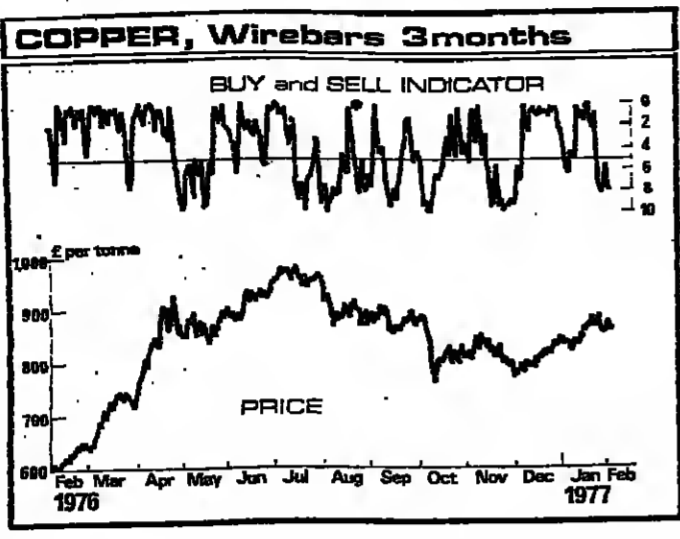
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# LONDON METAL EXCHANGE V

## Forecasting price movements

CASTING METAL price should, in theory, be considerably easier than in the commodity markets, where predictable weather conditions can literally overnight supply predictions by causing severe crop damage. In its production trends are well signposted with prime ledge of mine output capabilities planned many years ahead regular reporting by the 23 companies on how they performed and are likely to perform in order to keep their shareholders or supporting financial institutions in the picture. There are, of course, mine strikes, and more commonly, but these can be written an historical working capacity with some degree of accuracy, except for some major disturbances such as when the non-ferrous metal workers' contracts expire every two years—as they do this summer. But on the whole it is too difficult to assess total production capacity in the world at least and make a forecast based on previous trends for strikes and other industrial production setbacks, imports or exports by the communist bloc countries and copper, lead and silver the more likely to be recovered in the form of scrap, bearing in mind available refining capacity. However, it is on the demand for metals forecasting that goes awry. Consumption of metals, although vital materials, is more in demand than, say, food commodities by the economic state of the world and individual countries. Although it can be stated that over a period of years a particular metal is likely to grow by a certain percentage each year, based on price trends, the annual growth can vary widely even if the predicted pattern is a span of years. There are kinds of variables. Reaction to the price of the metal in each country, distorted nowadays by changes in exchange rates; technological developments bringing about substitution or a decrease in usage of the metal; and, of course, the general economic health of the world and individual countries, that controls demand for end-products using metals and interest rates nagging or discouraging summer stockholding. Some experts argue that in fact there is little basic change in metal consumption, except in the case of new technology, but only variations in consumer stocks or demand trends significantly. Be that as it may, any metal demand forecasting has to be based primarily on the likely



economic state of the world and the prospects for the industries using the metals, which involves forecasting on a much wider scale. Added in to complicate the whole issue are the generally unpredictable shifts in demand from behind the iron and bamboo curtains, often motivated more by political reasons than real consumption needs, and the almost equally unpredictable release or otherwise of metals built up in the giant U.S. strategic stockpile in the 1950s.

**Methods**  
The mining companies, and independent companies like Commodities Research Unit and Brook Hunt and Associates, have built up their own forecasting methods to help make decisions about whether or not to go ahead with proposed production expansion plans due to come into fruition many years ahead after the expenditure of vast sums of money, supplied by often none too willing financial institutions. But these studies cost money and are often none too accurate for short-term market trends which are usually of greatest interest to users of the London Metal Exchange. It is not much good, for example, to be told that the price of copper will be 10 per cent higher in a year from now—and for the forecast to be proved right—during that 12 months the price dips sharply before recovering as predicted as the buyer could well have been wiped out in the price decline period.  
So in recent years metal market traders have been increasingly influenced by the use of charts based on past price trends. It is claimed that charts take into account all the market factors, known or hidden, by

tracking price behaviour; hence the famous statement by a "pure" chartist: "Don't confuse me with the facts."

Charts have a particular attraction for private speculators, who lack the up-to-date news of fundamental supply-demand developments available often before generally known to the trade or certain privileged sectors involved. The producer, for instance, will be aware of setbacks in his mine that will affect supplies available

### Coverage

But over the years they have shown increasing sophistication, not only in presentation but also in interpretation and coverage. Not only price trends are shown nowadays, but also the highs and lows of the day's trading; the volume of turnover; the "open" position (unmatched buyers or sellers); and the trend line. There are further sophistications too. Chart Analysis, for example, has an "indicator" showing whether the market is either overbought or oversold which may be vitally important in deciding whether to go in or not despite price indications.  
A recent innovation by Eurocharts is its timing indicator based on scale from one to ten that gives buy and sell signals of fluctuating strength depending how far it is away from the median point of five. This is an easy-to-follow forecasting method, backed up by the range of chartist information available on a daily, weekly or monthly basis. Eurocharts are one of the increasing band of commodity forecasters using computers to assess the many variables and they have recently linked up with Econintel, the economic forecasting group, to use the joint resources of their data banks on the economic outlook and commodity trends.  
Computer forecasts are also being increasingly used for the so-called "managed funds," where the system is king and investment purely based on what the computer, working on a programmed pattern, says. Selling or buying by "computer funds," with huge resources at their disposal, is becoming an increasingly important influence in the commodity markets generally although much more widely used in the U.S. than in London.  
But past experience has shown that however confident and sophisticated forecasting methods become, the metal markets—and copper in particular—have regularly moved in totally unpredictable fashion leaving the pundits with red faces and a band of unhappy followers.

J.E.



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### Pressures

draw J. Freyman, once wrote in the IMF-World Bank publication Finance and Development, a long-term objective is that the minerals sector should provide inputs into the economy, thereby stimulating forward integration into the fabricating process and backward integration into service and manufacturing industries.

**Tightening**  
Meanwhile the tightening relationship between producers and consumers is likely to have more profound effect on deciding whether the LME will remain central to the activity of industry. The distinction between the two has become progressively more blurred. Partly this is a result of a natural interdependence, but finance is a significant factor.  
The cost of developing new mines has escalated to such an extent that producers have been forced to seek forms of financing outside the funds for investment they can generate themselves. One response to this situation has been to sign long-term contracts with potential customers, who also might take an equity stake in the venture.  
At the same time it is coming the habit for governments outside the U.S. and Africa to seek participation in either through equity stakes or royalty and tax payments in new mining ventures. This trend, added to the consumer's link with the producer, rates a concentration of power through coalescence of interests which could make the LME peripheral.  
Concentrations of a different kind have already attracted attention of the vice-chairman of the LME Committee, Mr.

E. J. Foster. His concern voiced during a recent speech in New York was the polarization of the metals world into large groupings: producers and fabricators, the Western democracies and Comecon, the rich and the poor.  
Users of the LME were coalescing into larger groups to the detriment of independent merchants and brokers. "The independents give a bit of very necessary ginger to a market which might otherwise either go all one way, or die of sheer paralysis if producers and consumers were to match each other evenly," Mr. Foster said.  
While it is doubtful that producers and consumers could ever match each other's needs with exact precision, it is none the less the case that their joint efforts can and do counteract the market mechanism to mutual benefit. At this stage of the LME's development, the International Tin Agreement, but international moves are not through the United Nations Conference on Trade and Development in making copper market movements more coordinated.  
The existence of the International Tin Council's buffer range of prices to govern the trading of the buffer stock until the buffer stock ran out naturally, to act as a steady influence on prices. But the activities of the buffer stock manager have not been decisive. In his book on the working of the tin commodity agreement, William Fox complains that the ITC has never put enough pressure on the LME to arrange its affairs in such a way as to minimise the impact on prices of "massive specu-

lative dealings." He argues: "While no action is taken the ability of the International Tin Council to stabilise prices through the Metal Exchange will always be limited."  
This sort of limitation has not prevented interational discussions from evolving the notion, under the auspices of UNCTAD, of a similar agreement for copper. The discussions have come unstuck, however, on the degree of finance needed, where to find that finance and the necessary co-operation of the consumers. Indeed, one of the weaknesses of the tin buffer stock has been its shortage both of cash and material.

### Reduced

The point is that pressures are building up strongly to influence the pricing function of the LME. The pressures have never been sufficiently coordinated to endanger the existence of the LME. While it is true that the existence of a European producer price for zinc has reduced the role of that particular market, there is nothing to suggest that taking a similar move for copper would be effective.  
In the first place the existence of a strong scrap market—indeed, some 40 per cent of copper produced comes from scrap—makes it difficult to calculate a producer price divorced from the market, at least under present conditions. In the second place the copper producers, embracing a wide variety of production costs, have found it hard to agree on what any collective price should be. In this connection there was an attempt in 1955-56 by the African pro-

ducers, the then Rhodesian Selection Trust and Union Minière, to "announce" prices at which they would sell. But they were forced to revert to the LME mechanism.  
These considerations are vital because if prices are not to be established by the market, they can only be established by producers. It is true that Government - to - Government negotiations can arrange bulk-buying contracts as was the case in World War II, but even then the prices fixed were related to the LME levels in 1939.  
What seems likely to happen over the coming years is that the interplay of the different historical trends will squeeze the LME, limiting its freedom of movement. But as long as it remains linked, even in marginal quantities, to the physical distribution of metal and its prices reflect the general business atmosphere, currency changes and so on, there seems no reason why its present pricing role should not continue.  
The LME's great strength is that it is neutral, because it is both independent and international. Speaking in its defence in October 1974, at a time when it had been under severe attack for the volatility of its price movements, the LME Committee chairman, Mr. Fred Wolf said, "Those who continue to criticise do not offer an alternative solution."  
"A machine such as the LME is only as effective as the use made of it. Some of those in the trade stand aside virtuously wringing their hands instead of using the very instrument that can be most effective to them. They could make the Exchange an even more realistic machine."

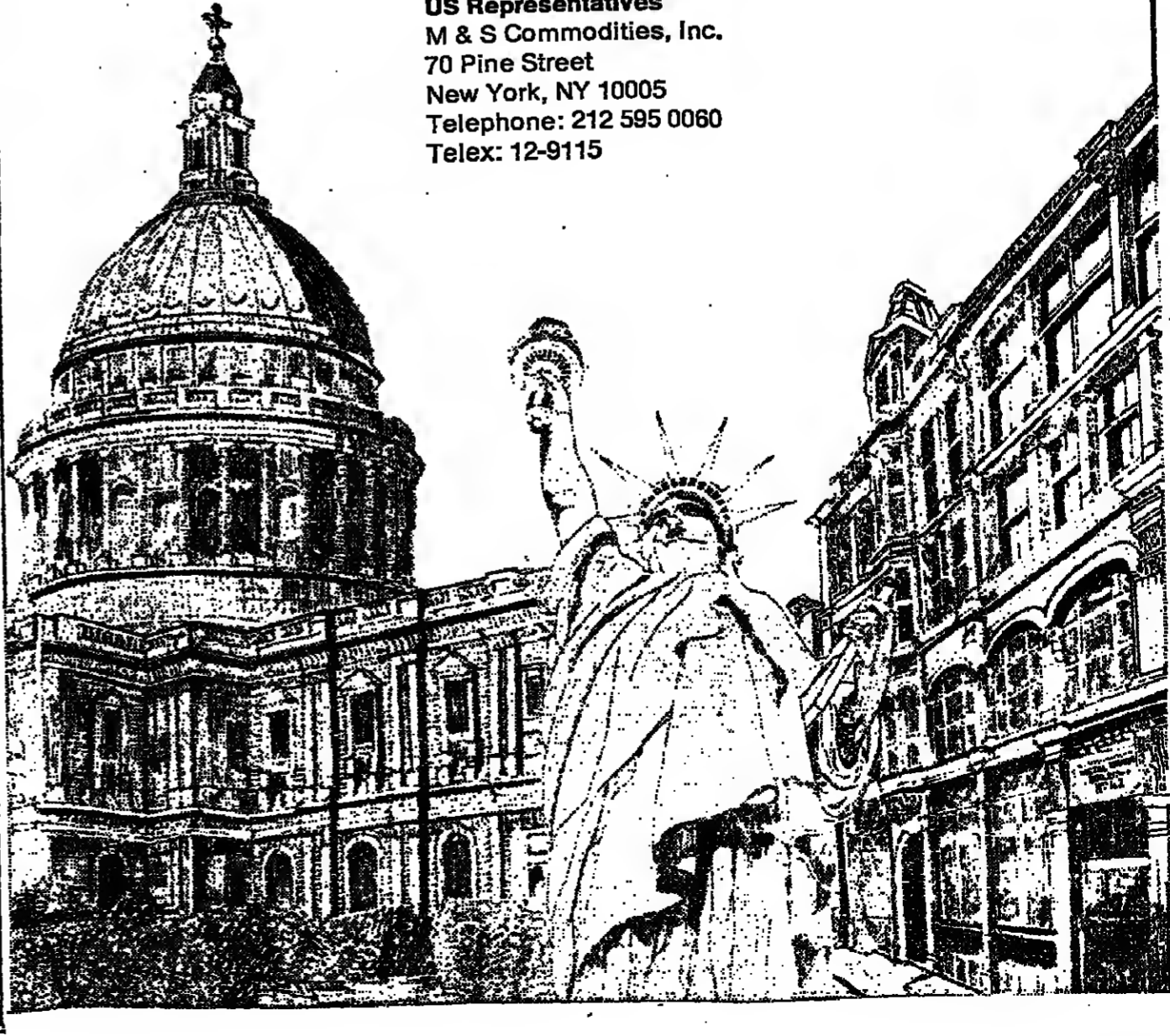
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## LONDON METAL EXCHANGE VI

# An established place in the City

ALTHOUGH THERE have been considerable changes in the international pattern of trade since the early decades of this century, and other markets have been established in places as far distant as Penang and New York, the LME has still managed to forge a distinct identity and to occupy a pivotal place in world metals trading. One of the main reasons for this has been its place within the City of London.

The LME and the City in fact grew together. Trading facilities and the financial markets are interdependent. "The financial resources available to the terminal markets are obviously of considerable importance to their success, and it is in this respect that their linkages with the City of London are of vital importance," wrote Professor Graham Rees.

Over the last century the LME has drawn business to the City financial markets and the LME has provided an outlet for certain types of City investment. They have fed off each other. The result has been that the LME makes a considerable but unspecified contribution to the invisible earnings of the City. LME earnings are absorbed by the Committee of Invisible Exports under the general title of Merchanting, which in 1974 provided 15 per cent of the City's income at £134m.

In 1975 the Merchanting total was £124m, and the Committee's chairman Sir Francis Sandilands said last December that 1976 earnings should be "well in excess of £100m." At present the Committee and the Bank of England are conducting a survey which will lead to a greater precision in the statistics and specify more exactly the contribution of the LME.

The LME is, of course, part of the Federation of Commodity Associations and it is through the Federation that it is represented on the City's liaison body, the Capital Markets Com-

mittee. But its most important single relationship in the City is its working link with the Bank of England.

Considered over a long perspective this link is recent. Before the Second World War the Bank showed little interest. It was only in the post-war years as normal trading gradually resumed that the link was made, essentially in the early stages because of the immediate demands of national economic

policy. The essence of the relationship is the principle of self-regulation, and in this respect the Bank is simply following, and the LME is accepting, the code that governs official supervision of the City financial and trading markets.

The LME is jealous of its independence, feeling that it needs freedom to reflect the changing pattern of market forces if it is to be regarded as an international pricing medium. The Bank for its part is keen that the LME should continue to play this role, mindful of the benefits that accrue in invisible earnings.

The Bank is, however, concerned that the LME should be well-run and that its financial viability should be above question. There would be an outcry if, for example, a repetition in London of the sort of dealings

which led to the collapse of the Paris sugar market.

The main sanction the Bank has over the members of the LME is its power to withdraw exemptions from exchange control regulations. This is, indeed, the Bank's only statutory right over the LME, but it is a right which goes to the root of metals trading.

### Freedom

The freedom from exchange control restrictions allows the members to buy metals anywhere in the world and to pay for them through an external account in either sterling or a foreign currency. At the same time there is no restriction regarding the sale of the metals. The concessions were first granted in 1949, when the LME tin market reopened and when the Government began to phase out its bulk buying policies and allow a partial return to the market economy. There could be no trading without the freedom to move currencies around the world.

In return the LME members had to provide the Bank with a monthly account of their foreign exchange positions in as much as they affected LME dealings. These retrospective checks by the Bank nevertheless gave the authorities the opportunity to see when what might

be dangerous positions were building up, when, for example, an LME member might be holding stocks abroad which were built up in excess of the normal requirements of clients.

The important point for the self-regulation of the LME, however, and an instance of the delicate relationship between the LME and the Bank, was that the LME Committee provided the Bank with the names of companies to whom the exchange control concessions should be made.

These arrangements were embodied in a Memorandum of Understanding, which also provided for the Bank and the LME Committee to meet formally four times a year to discuss matters of mutual interest. In fact, a Bank official visits the LME each Tuesday and informal contacts are extensive.

In the event of the Bank seeing that dangerous speculative positions have been built up it has the right to draw the attention of the LME and suggest that action should be taken. It is generally left to the LME Committee to find its own solutions.

In 1953, for example, the Bank asked the LME Committee to request members to be very careful about the tin contracts into which they were entering because of the practice of using exchange rate differentials to buy tin in London and Singapore and re-sell it in New York to register currency gains.

Since 1973-74, when the surge in commodity prices generally excited a deal of unfavourable comment about the role of the markets, and especially some of the speculative activities, there is some evidence that the Bank has been anxious to extend its supervisory role.

In response to the price boom the Memorandum of Understanding was widened so that the Bank could receive a monthly assessment of the balance between trade and non-trade positions on the market. This is, of necessity, vague

## Mining costs

METAL prices must rise. All that remains to be seen is when the major advance will get under way and how far it will go. The forces that are now at work could, if they remain unchecked, lead to a kind of alchemist's nightmare in soaring base-metal prices by the end of the century.

Restricted metal supplies available only to the highest bidder would not only wreak havoc with world economies but also have a fearful social impact on a world in which metal is almost as vital as food to the survival of large populations. We must move quickly towards the development of the new era of mines which will supplement and eventually replace those now in existence.

But there is virtually no major new mining development going ahead at the moment.

This is not for the want of new deposits and, indeed, there are no fears that the earth's finite store of minerals is being unduly depleted. Just as vast areas have yet to be turned over to food production, so the mineral exploration teams have barely started to unlock the world's hidden mineral wealth. They have, however, found most of the more obvious mining "plums" of rich ore deposits to the more accessible parts of the world. Nowadays prospectors need to probe more and more into the remoter areas and this costs a great deal of money, especially when it is remembered that only one out of some 200 exploration prospects is likely to result in a viable mining proposition.

Furthermore, the nature of things is having to accept low-grade ore deposits which must be worked on a big scale if they are to be payable. Costly infrastructure also needs to be set up in the new mining areas and on top of all the traditional problems, the mining industry has also to overcome objections of the environmental lobby.

Another relatively new hazard to be faced is that of fluctuating exchange rates, which can be a burden as well as a boon for international companies, especially when they have large loan commitments. Then there is the growing tendency among governments to milk mine earnings in good years and quietly overlook the producers' problem in the lean times.

Australia's copper-producing MIM Holdings, for example, recently pointed out that the cost of moving copper from its Queensland mine by rail over some 500 miles to the Townsville refinery had risen to the point where it was more than the cost of shipping the metal from Townsville in Europe. The Queensland mineral royalty, however, allows no compensa-

tion for higher costs of production.

Throughout the world, inflation has weighed heavily on the mining industry. The expectation of a copper price of, say 80 cents per lb., is now the least needed to justify the start of development of a big low-grade copper mine. In fact, the suspended Tanke-Fungurume venture in Zaire would want to see a higher price than this despite the fact that the deposit is of high grade ore containing some 5.7 per cent copper.

Rising capital needs are such that the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua, New Guinea, which reached production in 1972 at a cost of \$430m, would require some \$1.2bn. if it were launched today. And it must be remembered that the huge sums needed for financing a major new operation—often dependent on the fortunes of a single product—have to be tied up in the long lead time to production which can be eight to ten years' duration.

### Worries

The mining industry is prepared to live with these difficulties, and indeed it reckons that metal prices in the 1980s will offer a fair return on capital invested now. What really worries the mining men is the trend for governments throughout the world to ignore the fact that a high risk industry requires a proportionately high reward.

Before mine development costs had soared to their present proportions, mine financing was achieved by means of a promoting company issuing shares. Then came the South African system of mining finance houses, such as the giant Anglo American Corporation, which provided the initial risk capital and subsequently sold off a proportion of shares in a new project via a public issue once the venture had reached the indicated viability stage.

As the cost of new mines grew larger financing them required consortia of mining houses as in the case of the opening up of Western Australia's vast iron ore fields. Forward payment sales contracts were entered into with customers and, inevitably, international bankers were invited to play their part.

Then the politicians moved into the act, ushering in the present era when, in the words of Mr. Sidney Spiro, ex-chairman of Charter Consolidated, "there are relatively few areas of the world where [mining] investment confidence is felt." Governments break the rules. Too often it is a case of "you find, we grab."

Nationalism without adequate compensation; renegeing on agreements; allowing the mining men and their backers to take the initial risks and then



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هنگام الاصل

LONDON METAL EXCHANGE VII

The ins and outs of option trading

GROWTH of interest in metal markets over the past years has brought with it a new awareness of the value of operational strategies to the trader. And, as the new operators of metal options become much more widely known, the market is becoming more open to the trader. And, as the new operators of metal options become much more widely known, the market is becoming more open to the trader.

If this is true it is clearly a case of the awareness of ignorance breeding deceit. So there appear to be two distinct schools of thought among those ignorant of the true nature of the option market. Some regard it as a dangerous aberration and would not touch it with a barge-pole, while others are open to persuasion that it is virtually a way of printing money. In fact both propositions are more or less the reverse of the truth as expressed, or even a snide sneer.

Ignoring commissions and other costs, but the second course would leave him with a loss of £30 a tonne. If the price rises to £1,000 a tonne the straight purchase will bring a gross profit of £200 a tonne and the option purchase one of £120 a tonne. If the price falls both strategies will obviously show a loss, but whereas the option holder will merely allow his option to run out undecleared and show an £80 a tonne loss the straight buyer could in theory (but not in practice) lose the whole £80. For this reason few speculators would have the temerity to make an unguarded purchase in this way.

able for another four months. He is now in the happy position of having a guaranteed £120 a tonne gross profit. But if his second view of the market also proves correct and the price declines substantially further profit-making opportunities can arise. Once the price has fallen below £800 he can sell copper against his forward purchase and still count on a gross profit of £120 after writing off the cost of the option. But the option is still intact and a renewed rise to above £800 a tonne may present the holder with still further opportunities to make money. There is no reason why this pattern should not be repeated several times during the life of the option, but most speculators would be quite happy to make a profit on the original deal and would regard further "jobbing" profits as unexpected bonuses.

Being a distinct section of the commodity markets the option market naturally carries its own vocabulary of technical jargon. Several of these have already been mentioned, such as: "call option" which allows the holder to buy the commodity in question at an agreed price during the prescribed period; "striking price," the agreed price, usually the ruling price for the relevant delivery position at the time the option was granted; "grantor," the writer or seller of the option who undertakes to supply or accept the commodity in question at the striking price within the agreed period; and "last declaration date," the last date on which the holder of the option can call on the grantor to execute the terms of the transaction. In addition the "put" option allows the holder to sell to the grantor at the striking price within the specified period; and the "double option" allows the holder to buy or sell (but not both) on the same terms.

Caution

Caution demands that an acceptable loss level should be set and a "stop-loss order" given in the broker at this level. The big drawback to this plan is the possibility that a short-term price decline could knock the speculator out of the market, preventing him from benefiting from any subsequent rise.

If the risk from the straight purchase is to be equated with that from the option transaction the buyer will have to impose a selling order at £720 a tonne in the present example. If the market falls below this level



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Richard Mooney

Mining

ENDING FROM PAGES 10 AND 11. The point was firmly established by the recent half-yearly report of the Zaire's plus Tenke-Fungurume project, largely because of the political precluded by political



An aerial view of the open copper mine at Panguna, Bougainville Island, Papua New Guinea.

idea of the money needed to provide the metal of the future has come from the recent session of 14 leading mind metal concerns to the

mining stalemate is that those who stand to suffer most as a result are the less developed countries whose admittedly understandable nationalistic ambitions could amount to cutting off the nose to spite the face. These countries need reasonably priced metal in the world and

work for an operating deal whereby any host government stepping out of line is regarded as a mining venture could be submitted to pressure from the EEC, an important market for minerals. It was also suggested that the EEC could make available financial contributions to mining projects or provide guarantees for them.

Another possibility mooted was the setting up of an insurance scheme with the use of contributions from the mine financiers in proportion to the size of their investments. Such a scheme is operated by the U.S. Overseas Private Investment Corporation.

However, its weakness is that insurance benefits can only be claimed if the situation deteriorates to the point that holders of a mining venture have to surrender their investment and take the insurance compensation; there is no indemnity against limited erosion of benefits under an operating agreement.

Last year the then U.S. Secretary of State, Dr. Henry Kissinger, proposed to the UNCTAD meeting in Nairobi that the U.S. should establish an International Resources Bank which would participate with foreign investors and host governments in natural resource development agreements. It could be associated with the World Bank, mobilise capital for sound ventures and help to insure supplies of raw materials while aiming to moderate commodity price fluctuations.

As the Committee of the British-North American Research Association has put it in a recent report, "Some agreed basis, accepted by both producers and consumers, for attracting capital, ensuring markets and apportioning benefits, must be found if producer countries are to reap the benefits of effective development of their mineral resources for the years ahead."

It may be added that the required new deal for the mining industry, backed by some form of international muscle, cannot be delayed much longer. If it is, the world will face a very painful hiatus during the years when metal demand has outstripped existing output capacity and the new supermines are still working through their long lead times to production.

Kenneth Marston  
Mining Editor

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LONDON METAL EXCHANGE IX

معلومات السوق

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# Little space for the minor metals

ALTHOUGH THE London Metal Exchange price movements during the past few days have been catching the headlines, it is often not realised that London is also an important international centre for trading in a whole range of so-called minor metals, which present a valuable slice of commodity trading. Apart from aluminium and steel, there are the less widely known metals, like wolfram (tungsten ore), antimony, tin, cadmium, chromium, mercury, selenium and a host of other metals and alloys traded by London merchants, any of whom are also members of the Metal Exchange.

Several of the minor metals, like bismuth, cadmium and selenium are by-products produced in the mining or smelting of the base metals, copper, lead and zinc. Obviously these links, and the international reputation of the London Metal Exchange as the hub of the metals trading world, are an important influence in London's role in minor metal trading too. It has been the availability of sterling finance for merchandising deals of this kind, although the recent Bank of England curbs on the use of sterling loans for deals between two third countries emanating through Britain may eventually lead to at least some of the trade going away from London.

It was found impossible to work out viable common quality standards for the proposed markets in tungsten ore and mercury. These latter two metals do in fact have few price constraints, with values being decided purely on deals between consumers and producers and merchants on the free market in London and other centres.

Most of the other minor metals have a two tier pricing system — one official price quoted by the major world producers is used in direct supply contracts with consumers and usually covers the bulk of business done; the producer price as it is known is adjusted on occasions in accordance with changes in the cost of production and more usually to reflect the supply-demand situation. At the same time there is the free market price, mainly operated by merchants, which comprises supplies from all other sources — from producers in the Communist bloc countries, consumers with surpluses to spare, secondary suppliers and often Western world producers either seeking extra sales or not abiding by the producer price for some reason or another.

In the cases of metals like aluminium, nickel and others with a few dominant producers, the producer price system can work well, although it is normally the free market covering residual supplies that shows changes in the underlying supply-demand situation.

The average commission probably works out at about one quarter of one per cent. on the roundturn. That is to say, one eighth of one per cent. on buy-side and the same amount on selling it. But for very large contracts with regular clients, the commission could well be less. On the other hand some houses dealing specifically with the private investor might charge one half of one per cent. on the roundturn.


But in the case of wolfram and mercury there is no official producer price, in view of the diversification of supply sources that are reflected in the free market fluctuations. In the past mercury producers did have an official exchange-house London price, but the spread of production away from the traditional suppliers in Italy and Spain, as well as the huge surplus that has built up because of the steep decline in demand in recent years owing to pollution fears and greater use of substitutes, have led to producers charging what they can get on the free market.

The level of these charges raises the question of the sort of return investors in metals should be seeking. Clearly this is an individual choice, but it seems likely that if he is not making between eight and ten times the amount he is paying in commission he is cutting his profit margins very fine.

It is ironic that the biggest price slump in metals over the past decade has been suffered by mercury, which was the metal whose resources would be the first to be exhausted on a world scale according to the gloomy forecasts of future natural resources by the Club of Rome.

The point is that like any other investment, trading in metals demands discipline. It is necessary to decide on the total size of any commitment and it is generally accepted that commodity investment should not exceed more than five or ten per cent. of the total investment portfolio. It is also necessary in the interests of peace of mind not to make any commitment which would be financially embarrassing if the whole lot was lost.

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## Investor

CONTINUED FROM PREVIOUS PAGE

All of this makes the choice of the broker of very great importance. But, here again, there is a distinction between the brokers to outcall and the stock broker. The metals broker will often be carrying out the jobbing function, which is a quite separate operation on the Stock Exchange.

The relationship between broker and client is based on mutual trust and confidence. This explains the widely differing degrees of security the broker will seek from his client. Some houses will demand bank references and evidence of financial strength before opening an account with a new client. Others will be content with the placing of a deposit and guarantees that warrants — the documents denoting ownership of tonnages of metal — will be handed over on request. Others again will keep the warrants in their care.

The brokers make their money from clients by commission fees. Just as the absence of any set margin of deposit makes for a variety of practices regarding the paid-up stakes of clients, so the commission rates vary from house to house, and from client to client.

### Losses

Brokers are obviously not out to lose their clients' money, so the investor should discuss with them the question of stop-loss points, at which time metals should be sold if the market is moving adversely against their position.


Losses can in any case be minimised by careful attention to the market. The investor is essentially providing speculative funds for the market and thus contributing to the liquidity which is needed for trade hedging operations. It therefore makes sense to keep trading within narrow limits during the months when industry involvement is traditionally at a low ebb, like the summer.

The investor should also keep in touch with the fundamental factors of supply and demand for the metals in which he is trading. But this sort of knowledge is not enough in isolation, for it is quite conceivable that the market prices will advance when all the supply-demand indications show there is a metal surplus. This means that he is thrust back on the technical analysis of the market which the broker can provide.

Trading in metals can, in short, be an extremely subtle business as investors learn the mysteries of techniques like saddles and pyramiding, on how to make money when prices are declining as well as when they are steadily moving up. But it is not the sort of investment that can be made and left alone, for the market has to be watched. And the investor should not be prone to insomnia.

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# LONDON METAL EXCHANGE XI

## A complicated game of competing interests

BUSINESS is without risk. Each business endeavours to eliminate the chance of loss. Concern using raw materials is automatically part of a complicated game where competing interests play against supply and demand and the ability of finance. Ready prices may be quite different in a situation where producers seek maximum returns and consumers seek minimum outlays. or the metals industry in the widest sense, the use of the LME is an attempt to keep risks at the lowest possible level. It is often as a form of insurance but more accurately a system of balancing, where the elements in one market are used to counteract the movements in another. In an attempt to limit exposure to risk price fluctuations. imply, the buying or selling metal in a physical sense is set by the taking of a reverse position on the terminal market. LME, so that losses on the may be balanced by gains on the other. It is an exercise in arbitrage designed to establish a margin of profit regardless of the way the metals prices may be moving.

merchant, for example, might buy a quantity of metal at the current prevailing LME price and arrange for transport to London. Having completed this transaction, he would sell the same quantity of metal forward on the LME. At the time of the metal's arrival in London he would sell to his customer at the prevailing LME rate. On LME he closes his position by the purchase of a contract for the quantity of metal he originally sold forward.

It is quite likely that market prices will have changed in the interval between the two pairs of transactions. If there had been a fall of £10 per tonne, the merchant would have lost that amount on the physical sale. On the LME, however, the merchant would be able to close his position by buying at the prevailing settlement price of £10 less per tonne than the sum of his original forward sale.

A loss in the physical market has therefore been balanced by a profit on the terminal market and the merchant has broken even by playing one market against another. Had the price, on the other hand moved higher in the interval between the two pairs of transactions, he would have gained on the physical transaction but lost on the terminal market transaction. The net result would nevertheless be the same.

That is an instance of a selling hedge in its most basic form. A buying hedge works in opposite fashion. And it is, of course, possible to work out endless and complex variations, using different markets simultaneously, carrying over contracts and so on. But the basic principle remains the same.

**Growth**

The growth of hedging facilities on the LME has been basic to the development of the market and the maintenance of its international position. One historical list of hedging, with the introduction of standardised contracts for dealing and the growth of speculation, as being a fundamental factor in the evolution of the LME.

And, indeed, the three are linked. The use of a standardised contract permits the dealing in paper so that transactions can be completed without the presence of physical metal. The growth of speculation provides the source of funds through which the metals trade can conduct hedging operations. The speculative funds are the risk money which provide liquidity for the trade. The international character of transactions, the LME's membership, testifies to the importance of the hedging facility for the international

### PROCESS OF A SELLING HEDGE

**THE PHYSICAL TRANSACTIONS**

Merchant buys 100 tonnes of lead at current LME settlement price of £320 a tonne.

The lead arrives and merchant delivers to his customer at the current LME settlement price of £320 a tonne.

The result is a loss of £10 a tonne.

**THE LME TRANSACTIONS**

Merchant sells forward 100 tonnes of lead for delivery on date of physical arrival at current forward price of £340 a tonne.

Merchant closes his forward position by buying 100 tonnes of lead at the current LME settlement price of £330 a tonne.

The result is a profit of £10 a tonne.

The net result by balancing one transaction against the other is break even.

mining and metals industry and supports the comment of one broker: "The LME exists because of trade hedging. The rest is speculation."

For all that, it remains impossible to specify exactly the amount of hedging that takes place on the market. Tonnes of metal that change hands are reported daily, but the reason for each transaction remains a matter between broker and client. Further the line between hedging and taking a speculative position becomes blurred even further because those who do hedge may well be taking positions on the market as well.

Nevertheless the amount of hedging reflects the amount of physical metal changing hands and is therefore a mirror of the international economic situation. It is inevitably greater at a time of economic expansion.

The indications are that hedging is currently at a fairly low level. Metal stocks were run down in 1974 and since then there has been a tendency for the metal users to work on a hand-to-mouth basis in the face of sluggish industrial activity. The build-up in metal stocks, both at the LME and elsewhere in areas like the U.S. and Japan, is evidence of the relatively small amount of metal held in the trade and subject to the price movements hedging operations are designed to protect.

There is, in any case, a difference in the amount of hedging which takes place between the LME metals. Inevitably copper is the most extensively hedged, a natural consequence of the fact that it is the metal most heavily traded and the fact that the LME cash price is the reference used in the costing of most contracts between suppliers and consumers outside the U.S.

At the other extreme, there is little hedging interest in silver. Nor is there much interest in merchants or fabricators using the zinc market for hedging. This is because of the European producer price which changes only

tionally to use the market they are faced with one serious restriction. Scrap metal prices tend to move independently of the LME prices for primary metal.

The fabricators were drawn to the market as its facilities developed in the late 19th century. They buy metal in its primary form and carry out first stage processing. In the case of copper, they buy wirebars and cathodes and turn them into the shapes needed by their customers: shapes sections like sheet, strip, tubes and rods. Buying often on a monthly quota basis from producers, they are exposed to price variations as the merchants.

Manufacturers, who purchase metals after the first stage of processing, are on the whole reluctant to use the facilities of the LME for hedging, often preferring to accept fluctuations in prices on to the ultimate consumer.

The reasons for the lack of uniformity in approach to the LME among consumers are varied. In the first instance, there is some ignorance of the facilities available, and where large stocks are not carried there is reluctance to indulge in the expense of employing a specialist to watch the markets when the main search for profits is inevitably conducted elsewhere.

Some consumers do not feel there is any need to hedge on raw material prices if their sales are made on a back-to-back basis, where they are buying what they have in effect already sold in advance.

Supporters of the LME, and indeed those who are active on it, do not find this sort of reasoning convincing. The failure to hedge, they argue, is a dangerous speculation in itself. The LME is not, after all, a haven of gamblers but a centre of trading, created by those in the trade.

P.C.



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### Needs

CONTINUED FROM PREVIOUS PAGE

amic resource life index to these critical applications or to where recycling is comparatively easy and efficient? There are those who would argue that normal market forces will take care of this situation. It is to be hoped that they do, for any legislative action would need to be on an international scale and difficult to control.

One thing certain to happen, in view of the data shown in the table on the right is that the price relatives between metals will change very markedly over the next fifty years.

### Index

What of the longer term future? With the extent of metallurgical knowledge at the moment, there would be no difficulty in providing metals and alloys to meet present engineering needs if we were limited to the use of those metals with a present dynamic resource life index of about 500 years, but it is assumed that aluminium is in this category. This is a fairly safe assumption for the dynamic resource life index of aluminium is based upon bauxite as the primary raw material, and only slight improvements in technology or price differentials are needed for a very much wider range of aluminium-bearing materials to be considered as workable ones, and this should be judged in relation to the high crustal abundance of aluminium.

There are two critical long-term issues. The demand for metals is clearly linked to population growth and increasing standards of living. If population growth can be limited, par-

Metal	ESTIMATED LIFE TIME OF METALS	
	Dynamic Resource	Life Index (years)
Zinc	40	40
Gold	40	75
Tungsten	40	87
Lead	116	116
Copper	128	128
Silver	128	128
Molybdenum	134	134
Mercury	125	125
Tin	195	195
Aluminium	225	225
Chromium	267	267
Nickel	270	270
Manganese	492	492
Iron	626	626
Cobalt	685	685

ticularly in regions where potential aspirations are greatest, then there should be no difficulty in providing the metals society requires.

The other critical issue is that of energy. The most optimistic estimates of energy reserves based on fossil fuels give a dynamic resource life of 300-500 years. If society needs metal then, as we have seen, there is no real shortage of metal atoms—all that is required is abundant energy to concentrate and then liberate them from the other atoms they wish to be associated with as a result of man's actions.

Nuclear power derived either by fission or fusion is the real long-term hope if the earth is to remain populated by metal using human beings.

**Professor J. Nutting**  
President-elect,  
The Metals Society

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LONDON METAL EXCHANGE XIII

Aluminium prospects

EXPECTED new element... brought into the calculation of the world's aluminium...

industry's problems on West coast of the U.S. look... tially much more serious...

the West coast of the U.S. look... tially much more serious... her leading producer with...

The latest cutback comes... cents per pound but in the case of semi-fabricated products...

The result over the medium term will almost certainly be... a rise in prices which have been...

months. Though some customer industries in the U.K. such as...

The unanswered question as far as the industry worldwide is concerned...

The industry now reckons around 55 cents per lb to be the minimum price level needed...

There is a gap therefore which will have to be filled before that date if the rate of growth in aluminium usage is...

Rhys David

Language CONTINUED FROM PREVIOUS PAGE

starting a transaction by the purchase of a futures contract... LOT: The minimum contract size in which one may deal...

open positions may show against current market values... MARKET ORDER: An order to buy or sell a futures contract...

among brokers before the LME opens for ring-dealing... This can be a very active trading session on the market influenced by...

FRICING IN: Where a merchant agrees to buy a quantity of metal from a consumer...



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Table with columns: DATE, RECOMMENDATION, PRICE LEVEL (3 MONTHS). Rows include dates from 23 September to 28 January 1977.

The INDICATOR'S formula is based on daily closing prices and the updating figures are available by telephone only 14 hours after the markets have closed...

For further details and a two week FREE trial contact: EUROCHARTS LIMITED, 18/19 Fish Street Hill, London EC3R 6BY.

MARGIN CALL: A request for funds by a broker to his client to keep the original deposit intact...

OFFER: The price the seller is asking for the commodity he is offering.

OPEN OUTCRY: The method of dealing employed on the LME and other futures markets.

OPTION: An option gives the holder the right to buy from or sell to the grantor of the option...

OPEN POSITION: A forward market position which has not been closed out.

OPTION: An option gives the holder the right to buy from or sell to the grantor of the option...

FRICING OUT: Is exactly the opposite of the above where the seller is selling a quantity of metal...

FRICING OUT: Is exactly the opposite of the above where the seller is selling a quantity of metal...

PRINCIPALS' MARKET: A futures market where the ring dealing members act as principals for the transactions...

PROMPT DATE: See delivery date.

PUT OPTION: A put option gives the holder of the option the right to sell to the grantor...

REFINERY: As distinct from a smelter which produces crude metal by treating mine feed...

RING: A trading period of five minutes on the LME; e.g. the first tin ring is from 12:10 to 12:15.

SECONDARY METAL DEALER: A firm which specialises in buying and selling at any time before its expiration...

PHYSICAL: See Actuals.

PRE-MARKET: Trading

SEMI-FABRICATOR: See Fabricator.

SESSION: There are two sessions on the LME each day. One in the morning and one in the afternoon.

SHORT: Starting a transaction by the sale of a futures contract.

SPOT MONTH: This term, which does not apply to the LME, means the first delivery month for which a quotation is available on a futures market.

SQUEEZE: Pressure on a particular delivery date which makes the price of that date firmer in relation to other dates.

STOCKIST: A stockist is one who holds stocks of semi-fabricated products ready for sale to users.

STOP LOSS ORDER: An order which becomes a market order to buy only if the market advances to a specified level...

STRIKING PRICE: See Basis price.

SWITCHING: On the LME switching simply refers to exchanging metal in one warehouse for that in another.

TENDER: Delivery of the physical commodity against a futures contract.

TURNOVER: See Volume.

VALUE: An LME term referring to a price which is traded in a volume sufficient to satisfy the current buyers and sellers...

VOLUME: The quantity of business or transactions done. Also referred to as turnover.

WARRANT: The document of title to metal stored in an LME registered warehouse.

WARRANT: The document of title to metal stored in an LME registered warehouse.

Source: Wolf's Guide

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# LONDON METAL EXCHANGE XV

معلومات الاصل

## UNITED STATES

LONDON Metal Exchange most U.S. buyers of metals is an enigma. Its con- sideration of terminology— angos, backwordations, arbi- trary spot, prompt—and the sur- roundings of activity and discussion it leaves the U.S. buyer pondering it is about.

Buyers here have known that LME often plays a role in setting the price they may pay for copper, lead, zinc or tin. How the LME works, and why they can use it in their own trading operations, remains and their thinking.

There are many reasons why buyers stay at a distance from the LME. Most noticeably, they have a history of pur- chasing their metals directly from producers. Copper, lead, and silver were generally abundant in the U.S. during its industrial development, and the right of hedging against price rises was just not available. The producers could supply them with metal on a regular basis—a steady, reliable, abundant source.

Recently, Americans by their nature are not a bartering people. They are the type of men who walk into any new establishment pay the price as listed. They are not accustomed to dickering for a price—consequently the concept of exchange with its bid and activity is foreign to them.

### awareness

Even today with the greater awareness of exchanges in the majority of metals, many do not participate in it. What may compound reluctance even more is recent creation of the commodity futures trading commis- sion designed to monitor the activity of exchanges, which implicitly implies that all may not prosper in such operations.

A small percentage of buyers who do know and use the London Metal Exchange, of course, do not view it in this way, and it appears that this is developing in the London Metal Exchange as a medium in the U.S.

Yet this interest by U.S. buyers has developed in the past years because of inflation recession in the economy because they want a new way of solving some of these problems. Consequently, there has been more than normal

ing to assume that this American attitude is changing rapidly. For the most part, American metals executives remain suspicious of the LME.

Further supporting their reluctance to become involved in the U.S. anti-trust laws which forbid producing companies buying and selling their metals on the Exchange in fear that they could fix prices. This Government attitude was recently displayed in the zinc investigation last summer. The U.S. Justice Department is currently conducting a study of the European zinc producers to find out if their support of the zinc price on the LME in 1976 was actually a manipulation of prices. Although it seems awkward for the U.S. Government to be putting its nose into the European zinc industry, it can take action in the form of duties and tariffs on zinc coming into the U.S. from these producers.

This Government stance only serves to further the arguments that the U.S. buyer of metals best not become involved with the LME.

But curiosity still remains and is growing in the minds of American metals buyers as to possibilities that do exist for them in using the London Metal Exchange. Perhaps the next 100 years of its existence will show more U.S. involvement in what has already become a very important market medium in the international metals world.

Pat Walker

Editor, American Metal Market Both producers and con-

## SCANDINAVIA

THE NORDIC countries are the largest producers of non-ferrous metals in Western Europe but in world market terms their output is relatively marginal. Most trading within the area is, therefore, closely linked to the pricing of the LME. This is particularly true in the case of copper, where the Nordic countries are net importers, less so in the case of zinc, of which Finland and Norway together produce some 170,000 tonnes, well above the combined Nordic consumption.

In addition to using the LME as a price setter, producers and consumers alike take advantage of its other facilities, in particular the hedging instrument, although the extent to which this is used varies considerably from one company to another. In general the Swedes operate more so the LME than do the Finns.

The main criticism voiced within the area at present centres on the use of sterling for all LME quotations. This creates a double problem for dealers, who have to cope with the sharp fluctuations in the pound as well as metal price changes. Some Nordic dealers moot the idea that the LME should switch to dollar quotations.

### Method

This critic was interested in the practice rapidly gaining acceptance under which a customer buying forward for six months undertakes to pay the interest charges on the financing involved. The method was being used by some British manufacturers and American copper producers were trying to apply it. It should result in a slow price escalation for the producer in the long run, the Finn thought, and represented a small improvement over current LME practice.

Swedish producers, whose high costs are not covered by the current LME copper prices, would like to have a producer price for the metal but Sweden has made it clear at UNCTAD conferences that it does not believe in CIPEC efforts to control copper prices. The Swedes accept the need for free trade in metals and see no better alternative than the LME to the stock financing that would be required by a price control system.

Opinion is divided in the Nordic countries about the extension of LME warehousing facilities. The consumers and semi-fabricate manufacturers would be interested in having a warehouse within Scandinavia. As long as copper demand in the Nordic countries exceeds domestic production, however, the Nordic producers would regard LME warehousing in the area as placing a competitor on their doorstep.

Production and consumption figures for the Nordic countries can be confusing, particularly for copper, where official statistics do not always distinguish between refined metals and semi. Denmark, for instance,

CONTINUED ON NEXT PAGE

## W. GERMANY

WEST GERMANY, as the world's third-largest buyer of raw materials with a bill close to DM10bn. last year, would find life difficult if the London Metal Exchange did not exist.

In practical terms, prices for three of the four base metals traded on the Exchange—copper, tin and lead—are taken as the direct basis of transactions, after adjustment for currency fluctuations. The LME zinc price is hardly less important, although the German producer price for the metal can, as at present, diverge quite widely from the London level.

While the LME is thus an inseparable part of the West German metals business day-to-day, it coincides with the country's prevailing economic philosophy of leaving such matters as pricing goods to the free play of market forces wherever possible. It is a striking fact of life that no significant political grouping in the country advocates any fundamental change in this economic order. The "social market economy," as West Germany call it, has proved itself by making the country rich, keeping it relatively well insulated from world recession, and offering it every chance of continued prosperity. Why tamper with something that, for West Germans, has worked so well up to now?

Such is also the basis of the West German approach to the current problems of the international economy, and in no sphere has this been more clearly seen than in the debate over the Third World's plans for the strict regulation of trade in key raw materials. At the Nairobi meeting of the United Nations Conference on Trade and Development (UNCTAD IV) last year, Bonn came close to diplomatic isolation because of its refusal to contemplate such grand designs as the UNCTAD Secretariat's integrated commodity fund or its call for a "global solution" to the poorest countries' debt burden.

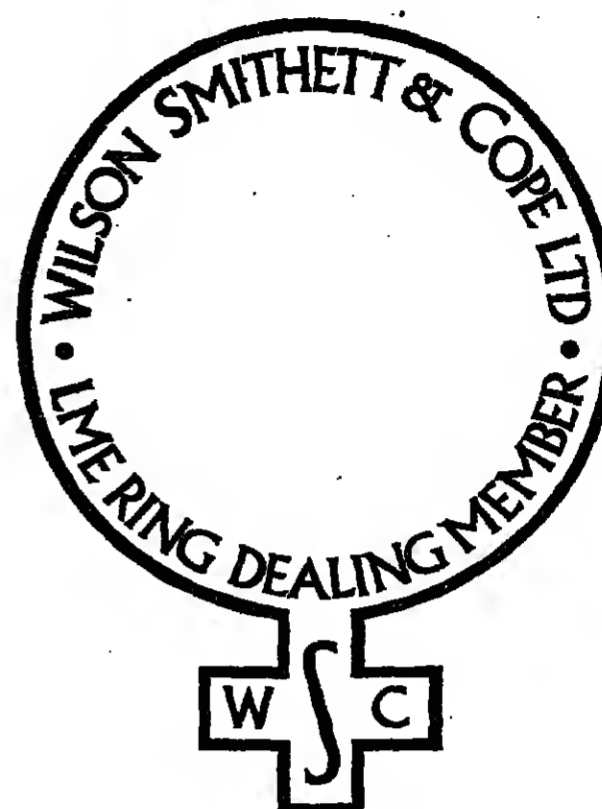
In part, West Germany's attitude was—and still is—the understandable hesitation of the rich man who fears that the out- come of other people's generously conceived plans would be to soak him. Much more important is the belief that regulation of trade would both tie up huge sums that could be better used, and would sooner or later cause distortions of prices and production worse than those it set out to cure. Further, West German officials point out that so far as this country's trade pattern is concerned, the main beneficiaries of artificially fixed raw materials prices would not be the poorer Third World nations but the industrialised countries which are also major minerals exporters, such as Canada, the U.S., Australia, South Africa, Sweden and the Soviet Union.

Looking further ahead, West German companies would probably be in the front ranks of those who are seeking to expand the role of the LME into new fields as well as strengthening it in its present ones. In this connection, the establishment of a futures contract in aluminium would be welcomed, if the technical problems of agreeing on standard forms of specification and metal content could be settled. West Germans tend to be more dubious, however, about the prospects of introducing contracts for any of the so-called minor metals, in which volumes are felt to be too low.

Adrian Dicks



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# LONDON METAL EXCHANGE XVI

The main advantage of the LME to the metal fabricator, as W. R. Millership of BICC explains below, is its hedging facility, which enables the fabricator to avoid being exposed to extreme market conditions.

## A fabricator's view

FOR COPPER fabricators throughout Europe and Japan, the London Metal Exchange provides the vital "hedging" facilities needed as protection against fluctuations in prices and supplies.

Over many years an increasing number of fabricators of non-ferrous metals throughout Europe and Japan have come to appreciate the benefits which the London Metal Exchange can offer them.

Most important of these benefits is the hedging facility. The LME also offers the facility of providing physical metal whenever it is required. The normal practice existing between consumers and producers, for the greater volume of their non-ferrous requirements, is to establish annual contracts, usually made in October for the succeeding year.

International producers set up annual contracts which means that the consumers enter into commitments for a firm tonnage to be delivered at regular monthly intervals throughout the year, and with this tonnage, the consumer is required to comply with certain pricing constraints, giving a maximum tonnage in one day, in one week and in one month.

It is not exposed in any way, though he may be in imbalance. This would mean that it would be necessary to engage in purchase hedging on the LME. By the same token, it is not conceivable that the fabricator can find himself with a situation whereby sales do not in any way measure up to the commitments which he has entered into with the producers, thus creating a need for hedging operations in order to give adequate protection to his stock.

It should be made clear that in conducting these hedging operations, the fabricator is not indulging in any speculation, but is only seeking to cover his positions, so he is not in any way exposed to extreme market movements.

What is not generally appreciated is that the producer contracts can quite frequently put a fabricator into a position where by he is forced to price fix under the terms of his contracts, even though he does not have sales to cover these commitments.

Hedging, therefore, is vitally important to fabricators throughout Europe and Japan, and it is this facility which the London Metal Exchange provides.

Another advantage is that the London Metal Exchange has 43 warehouses operating throughout five countries. From these warehouses, fabricators can call up supplies in the event of the pipeline from their producer friends being disturbed. It is surprising to note how often a supply line can be disturbed.

I cannot recall any year in the last decade when there has been some sort of force majeure declaration by one or other of the primary producers largely because of natural disasters, mining strikes, long shoremen's strikes, seamen's strikes, dockers' strikes and acts of war.

There are endless difficulties created by seamen and dockers strikes, which interfere with the smooth flow of copper from the producer to the customer.

It is at these times that the fabricator can complement his stocks by calling upon the materials from the LME warehouses.

It should not be forgotten that the LME has shown its ability to carry stocks of the magnitude that it has, not only providing the facility of copper financing, but warehousing, insurance on the metal to this extent, representing as it does, something of the order of £500m.

At the moment there is a call for stabilisation of the price of copper from various parts of the world, and the fabricator requires stability as much as anyone else in the copper industry. The price of copper has held up remarkably well, and it says much for the financial stability of the LME that it can cope with copper in these quantities and hold it for as long as may be required.

It seems that some members of the industry ignore this fact, and appear to regard the Metal Exchange as having a bottomless pocket. One hears much talk in UNCTAD circles about buffer stocks, but how many people really appreciate that the LME can cope with enormous physical stocks, and has never come under pressure or constraint of any kind, giving service to both producer and fabricator alike.

What the fabricators do want to see is Government interference no matter how well meaning the efforts of Unctad are, and nobody doubts the intentions expressed by this body. But it is going to be impossible for so many countries to reach a unanimous agreement, whereas many of the countries concerned in Unctad simply have no interest whatsoever in copper.

Fabricators believe strongly that there should not be Government interference in such matters, and that affairs of a "free" market should be allowed to operate. Apart from the inadequacy of warehousing, one of the factors which fabricators of the LME may have been aware of what lethargic over, is change towards a cathode market. With the increasing changes in technology and the movement towards continuous casting, bringing as it does a change from wirebar to cathode, there will be a need for this change come about. Many consumers feel that this should also have been done.

### Influence

The growing influence and acceptance by the world at large of the LME is clearly illustrated by the growing acceptance of the London Metal Exchange by Eastern European countries.

There is evidence of this in the decision by Poland, which is becoming a large international producer of copper, to enter into supply contracts based on the London Metal Exchange prices, while Russia, which is also becoming another large supplier of copper, uses the LME price as its basis. Yugoslavia, and the new Middle Eastern producer, Sar Cheshmeh Iran, will also be electing to have the LME price as the basis for its production.

Other countries using LME prices include Australia, Spain, South Africa and Bougainville, and there is an increasing interest by overseas metals operations in membership of the London Metal Exchange, either as a subscriber or through a company which offers ring dealing membership.

### Consumers

The consumers go to a great deal of trouble to establish their tonnages and in many cases have an extremely sophisticated market research mechanism which will enable them to identify the expectation of volume for the year in question. Even with the most expert forecasting systems, it is quite impossible to guarantee that the rate of sales will match the physical commitments which have been entered into. As a result, the fabricator finds himself with the need to have a market through which he can safely hedge his positions, and thus give the very necessary protection which is required.

Many fabricators have their selling force in the field, operating from the commencement of operations throughout any day, and obviously their sole objective is to sell the metals which are produced, be they in building materials, or requirements for the car industry, the cable industry, or any other associated operation.

This means that on one day a fabricator can be faced with a position where his sales greatly exceed the pricing capabilities which he has, through his supply contracts, and there is a real need to be assured that he

### Knowledge

During its 100 years of operation, the existence of a reservoir of knowledge has been accumulated by the market, and tremendous expertise in warehousing, financing, shipping, markets, the production and consumption of copper in areas of the world outside America, currency, and movement of copper across the world, has been built up. It is this vast experience which has taught the LME to cope with a variety of circumstances. The LME has built up a considerable maturity and in the last years has, at all times, modified its operations in the light of changing world conditions, and has met all consumers needs.

One of the vehicles which is trying to bring about some much needed improvement in stabilising the price of copper is the International Metals Group, set up on the initiative of the producers, and which is very much welcomed and applauded by the consumers. But they also realise that this extremely complex subject is something which will not see results achieved overnight. However, the progress made in the three meetings which have so far taken place since June of last year, has been significant. There is complete agreement with the producers and consumers on all points.

So the indications are that the LME should continue to be the basis on which the daily importance of the LME.

## SCANDINAVIA

CONTINUED FROM PREVIOUS PAGE

could show practically no copper consumption, because Nordiska Kabel Og Traad, the main consumer, has its wire rods produced by Elektrokoppar, the ASEA subsidiary in Helsingborg, Sweden.

Boliden meets roughly half Sweden's consumption of refined copper. In 1975 production was roughly 57,000 tonnes against a domestic consumption of 94,000 tonnes. Imports are around the 65,000-tonne level. Boliden imports about one-third of its requirements of copper concentrate at prices based on the LME quotations. When refined metal stocks are high, it will sell on the LME, but like most Nordic metal producers it is reluctant to indicate the extent of its dealings with LME.

Gränges Metallverken, the main Swedish producer of copper and brass semi-fabricates with total deliveries in 1975 (including aluminium products) of 112m tonnes, makes extensive use of the LME hedging facilities and also used the exchange for physical deliveries to its works close to LME warehouses.

Outokumpu, the Finnish manufacturer, produced 60,000 tonnes of anode and 38,000 tonnes of cathode copper last year, while the output of semi-products from its Porri works rose to over 36,000 tonnes. It has very little direct involvement with the LME although it follows LME quotations. It hedges from time to time but indirectly through its own trading contacts rather than through the Ring dealers.

Nokia, whose cable division is the largest Finnish copper consumer, takes 15-20,000 tonnes a year. It receives part from the Soviet Union, to which it exports cables, but also buys through the LME. The quantity imported this way varies considerably from 10 to 25 per cent from year to year.

Zinc production is concentrated in Outokumpu (1975 output 11,000 tonnes) and Det Norske Zinkkompani (60,000 tonnes) in Norway. Outokumpu refines Greenland concentrates and operates tolling arrangements with Canadian and Peruvian partners. It sells no zinc through the LME.

Sweden is a net lead exporter. Boliden produces 40-50,000 tonnes a year but the LME is of little interest in this connection, as any surplus over domestic consumption goes to the company's German smelter. Boliden uses the LME to some extent for silver, as its refining capacity is larger than its domestic supply.

More and more fabricators would like to see producers becoming more active in the market.

William Dullforce  
Nordic Correspondent

**CerroMetals**  
**(UK) Limited**

International traders in  
non-ferrous metals and minerals.  
Ring Dealing Member of the London Metal  
Exchange.

Pinner's Hall,  
Austin Friars,  
London EC2N 2BE  
Telephone: 01-628 5957  
Telex: 887276

A subsidiary of Cerro Sales Corporation, New York

In 1976 over \$100 billion worth of Silver, Copper and Gold futures contracts were traded on COMEX

FOR MORE INFORMATION CONTACT: RUDOLPH WOLFF & CO. LTD., 11 BYWARD STREET, LONDON EC3R 5ED. TEL: 01-626 8765.

In 1877 Queen Victoria was Proclaimed Empress of India

In that year Rudolf Wolff was inordinately busy forming the London Metal Exchange with a number of his fellow merchants.

So it was not until twenty years later, that Rudolf felt entitled to take a day off.

In the intervening years, he had seen the price of copper as high as £105 per ton in 1888, and as low as £34 in 1889, but the ensuing decade saw a period of stability in the market.

"However", as Rudolf said to himself, justifying his decision to take a day off on that particular morning in June 1897 (but feeling a pang of guilt as he said it) "it's not every day our Queen celebrates her Diamond Jubilee".

Hastening in Temple Bar, he positioned himself on the route of the royal procession just as the Grand Duke Cyril of Russia was passing followed by Prince Charles of Denmark, the Duke of Teck, the Crown Prince of Sweden and other members of the European Royal Families.

Not content, he batted his way in St Pauls in time to see Queen Victoria arrive in an open carriage surrounded (as the Illustrated London News reported at the time) by such a throng of spectators as never before gathered within the shadow of Wren's glorious dome.

"If I continue to take days off like this," said Rudolf to himself, as the crowds departed and his feeling of euphoria left him, "the London Metal Exchange will never last a hundred years, but still my grandsons will never see a Queen of England's Jubilee."

With that he hastened back to his office to see if copper had gone up on the day. It had!

And it has -- and they have -- and in this Jubilee year of 1977 his company is one hundred and eleven years old.

When you deal in Metal and Commodity Futures, its reassuring to know your broker has a past.

**Rudolf Wolff & Co. Ltd.** Established 1866

Head Office: Knollys House, 11 Byward Street, London EC3R 5ED Tel: 01-626 8765.  
Offices: New York (212) 534 9360; Dusseldorf 80031; Hongkong 24 9165-5; Melbourne 267 3477; Dublin 689260

مكتبة الامم المتحدة

Dim outlook for Euro-polls

CREATION of a directly elected European Parliament... dim outlook for Euro-polls... The assumption is that the new Parliament will have to draw its initial authority from the grass-roots of the European electorate.

when the devolution of powers to a regional level... The French Government has already published a draft bill... The German Government has already published a draft bill.

handful of hard-line Gaullists... Netherlands, where the Government is expected to publish a Bill soon after next April's national elections...

Percentage Swing Towards Direct Elections TWO OPINION POLLS MADE FOR THE COMMISSION

Table with columns: Country, For, Against, Total, No. of Members, For, Against, Total, No. of Members. Countries include Luxembourg, Italy, Germany, Netherlands, Belgium, France, Ireland, U.K., and Denmark.

\* 1973-Not including Northern Ireland. † Weighted average. Source: European Parliament.

The Directly Elected Assembly SEATS AND POPULATIONS OF MEMBER COUNTRIES

Table with columns: Country, Seats, Share %, Pop., Share %, Pop. per member. Countries include Belgium, Denmark, West Germany, France, Ireland, Italy, Luxembourg, Netherlands, and U.K.

COMMUNITY 410 100 250.1m. 100 631.598 Source: European Commission.

further delay can only heighten mental principle of the elections remains seriously in dispute... In France, to which some British officials had looked...

Thorny problem Belgium is still grappling with the thorny problem of reconciling the conflicting interests of its French and Flemish-speaking populations... In Italy, where the Government has also published a bill...

country should be divided into two constituencies or three... Socialist Parties of the EEC, established in 1957... The members of these new political groupings will have to solve the problem of reconciling differences rooted in geography.

Letters to the Editor

selling well... Sir, I am writing to you regarding... Much attention has been paid to the large number of firms from overseas pouring into Britain to shop.

BR fees-not fines

From Mr. A. Scott. Sir, I read Mr. Stern's remarks (February 11) about the Continental system of on-the-spot fines for late evasion...

Index-linked pensions

From The Secretary General, Civil Service National Whitley Council Staff Side. Sir, I cannot see how Mr. Weetman can assert from my letter published on February 7...

To-day's Events

Home Office sub-committee. Subject: Arrangements of school-leavers. Witnesses: TUC (4.15 a.m., Room 15), Science and Technology (Japan sub-committee). Witness: Mr. D. S. Davies, general manager...

Make people prosperous

From Mr. P. Yerbury. Sir, Surely the ultimate absurdity of the progressive marginal tax payable in the U.K. can be demonstrated as follows:—A married man earning £4,000 per annum pays tax of £1,020.25 while if he earns five times as much, namely £20,000 per annum, he pays £10,688.25 tax, that is over 10 times as much tax. Is this not penal progression?

Composition of the Board

From Mr. P. Brooke. Sir,—By pointing out the exceptional process that Bullock proposes for the appointment of full-time union officials to his "2x and y" boards, Mr. W. Pickering (February 12) only underlines the point that Bullock is most negative, dog-in-the-manger, against-the-grain Socialist dogma has to be axed in hard times.

Insulation standards

From The Director, Insulation Research and Development Association. Sir,—I should like to support general anxious to exclude them from the plan for improved insulation standards in dwellings...

BR fees-not fines

From Mr. A. Scott. Sir, I read Mr. Stern's remarks (February 11) about the Continental system of on-the-spot fines for late evasion...

Index-linked pensions

From The Secretary General, Civil Service National Whitley Council Staff Side. Sir, I cannot see how Mr. Weetman can assert from my letter published on February 7...

Civil Service pay

From Mr. T. Lobjorn. Sir,—The secretary general of the Civil Service National Whitley Council Staff Side (February 7) once again (as is natural) seeks to defend the pay and conditions of the Civil Servants including the advantages enjoyed by the Pensions (Increase) Act 1971...







Overseas profits boost Macpherson to £2.7m.

RLED profits from overseas... Overseas sales for the year ended October 31, 1976... The group's profit before tax...

RECENT ISSUES

EQUITIES

Table with columns: Stock, 1976/77 High, Low, Closing Price, % Chg, Dividend, Yield, P/E Ratio, etc.

FIXED INTEREST STOCKS

Table with columns: Stock, 1976/77 High, Low, Closing Price, % Chg, etc.

"RIGHTS" OFFERS

Table with columns: Company, Issue, Date, Price, etc.

Note: Dividends are payable... Rights issues are available...

W. Canning Limited
Highlights from Chairman's statement for the year ended 31st December 1976
Sales and profit margins increased in a difficult year...

SUMMARY OF GROUP RESULTS FOR YEAR
1976 1975
Sales £24,099 £20,517
Profit 1,244 954
Taxation 456 487
Extraordinary Profit (1975-Loss) 32 35

Investments benefits come to Aaronson Bros.

Now that the largest programme of expansion ever undertaken by Aaronson Bros... has been completed at a cost of more than £5m...

FOR THE year ended September 30, 1976 pre-tax profit improved from £1.82m to £2.38m...

THE net final dividend is 1.25p... The company makes plastic laminates, edging materials...

A 30 per cent increase in pre-tax profits from Aaronson Bros... reflects up to outside estimates...

Advance for Evode to £1.45m.

BETTER pre-tax profit of £1.45m... recorded against £1.21m... disclosed by Evode Holdings for the 52 weeks to September 23, 1976...

Evode's concentration on specialist products for the building, DIY and furniture industries can take most of the credit for its 1975-76 progress...

Ramar reaches £0.13m after six months
Turnover at Ramar Textiles increased from £2.7m to £3.5m...

BIDS AND DEALS

More Milgo shares for Racal
Racal Electronics announces the company of 425,630 capital shares...

SMURFIT PAYING £3.2M FOR REST OF TIME INDS.
Jefferson Smurfit, the Irish packaging, printing and distribution group...

STAVELEY/GEORGE SALTER
Acceptances received by Staveley Industries in respect of its offer for George Salter...

SMC/PE TALKS OFF
Science Management Corporation, the U.S. group, is 200-1 to proceed with its plan to acquire a controlling interest in P-E International...

MERU/JOHN MADDOCK
Meru Group is to acquire 51 per cent of the Ordinary shares of Mercury Industries...

SIMON FOOD ENGINEERING
Simon Food Engineering Group has purchased the drawings, designs and work in progress of J. W. Greer...

BOARD MEETINGS

TO-OAY
The following companies have notified dates of Board meetings to the Stock Exchange...

TO-OAY
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TO-OAY
The following companies have notified dates of Board meetings to the Stock Exchange...

24% rise at Cable Trust

ON GROSS REVENUE of £9.7m... against £7.7m... Cable Trust for 1976 rose 24 per cent...

ARTAGEN PROPS.
Holders of Artagen Properties' 6 per cent debenture stock 1980-85 and 8 1/2 per cent unsecured loan stock 2003/2008 have approved repayment of the stocks.

INCREASE AT MELDRUM TRUST
The policy objectives published yesterday for Investors Capital Trust were historical...

INVESTORS CAPITAL TRUST
The policy objectives published yesterday for Investors Capital Trust were historical...

SHARE STAKES
Mr. E. S. Nassar has acquired further 233,000 Ordinary shares of Racal... giving him a total interest of 27 per cent.

NO PROBES
The proposed mergers between Staveley Industries and George Salter and Co. and Arthur Groves and Williams Hudson Group...

UNOCHROME
Unochrome International has been notified by Jorebant Holdings of the purchase of 50,000 shares increasing its holding to 2,525,000 (21 per cent)...

PLANTATION HLDGS.
Luhof-Bedca, the light engineering division of Plantation Holdings, has acquired...

ASSOCIATE DEALS
James Capel has bought 2,200 White Child and Seney 85p non-assented, on behalf of Arthur Guinness Son and Co. Ltd.

WATSON & PHILIP ACQUISITION
Watson and Philip, the Scottish food distributors, have acquired with effect from February 14, 1977...

HARDYS & HANSONS LIMITED
Overall market share again increased
Turnover is up from £8.7m to £8.2m and Profit before taxation and extraordinary items from just under £1.3m...

HERBERT MORRIS LTD
Summary of Results
Year ended 31st Oct. 1976
Comparative Figures
1976 1975 1974
Turnover £28,521 £21,281 £14,401
Profit before tax 2,165 1,155 316
Earnings per ordinary share 34.1p 14.1p 3.8p
Dividends per ordinary share 10.0p 6.0p

The property survey that provides more than just statistics
An Analysis of Commercial Property Values 1962-1976
The Economist Intelligence Unit's report on Commercial Property Values commissioned by Michael Laurie & Partners is much more than just a summary of rental data...

Vertical text on the left margin: WS, rights, MNB, etc.

APPOINTMENTS

Managing Director Nigeria

Total emoluments up to £50,000 p.a., consisting of a high basic salary and profit sharing incentive scheme, are offered for this Lagos based appointment...

Candidates, aged 38 to 45, must have relevant overseas experience covering consumer, industrial and capital goods, gained preferably in West Africa.

MSL World wide Management Selection Limited 17 Stratton Street London W1X 6DB

DO YOU NEED HELP IN SUCCESSFULLY MARKETING YOUR PRODUCTS IN THE U.S.A.?

If you are not getting the most out of your marketing effort in the States, then perhaps I can help. For the past nine years I have been the President and Chief Executive Officer of a large (\$200 million annual sales) consumer goods company...

COMPANY NOTICES

G. S. KENT & SONS LIMITED NOTICE IS HEREBY GIVEN that the Share Transfer Books of the High Court of the Companies Act 1967...

EDUCATIONAL

FRENCH INSTITUTE (Universities of Paris and Lille) SECRETARIAL COLLEGE, 14 Cannon Street, London SW7 2JR.

LEGAL NOTICES

No. 00411 of 1977 IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court...

CONTRACTS AND TENDERS

SCOTTISH DEVELOPMENT DEPARTMENT The London-Edinburgh-Thurso Trunk Road A9

The Secretary of State for Scotland proposes to invite tenders from experienced contractors for the construction of the above section of Trunk Road in the Highland Region...

The construction is of some 7.3km of 7.3m wide single carriageway in either flexible or rigid pavement at elevations of up to 145 metres above sea level...

The intention is that tendering should be restricted to firms of proven capacity and experience who at the time will be in a position to submit genuinely competitive tenders...

TRAVEL

ZURICH 2 HOLIDAY INN HOTELS Zurich, Switzerland's largest town (right in the centre of Europe) has 2 Holiday Inn hotels...

MOTOR CARS

Alfa Romeo BURLINGTON GARDEN 27 Camden Road, London NW1 9NR SALES: 01-485 8716/9

DRIVE an Alfa Romeo 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc 1050 cc

PUBLIC NOTICE

BOROUGH OF IPSWICH BILLS £50,000 5% Fixed 15.2.77 maturing 15.2.78 11% 11% Applications for the above should be made to the Clerk of the Council...

MINING NEWS

Comalco boosts 1976 profits

DESPITE the company's cautious comments in November, second half 1976 earnings of the Rio Tinto-Zinc group's Australian aluminium producer, Comalco, have continued to stride ahead...

Comalco has decided to announce its final dividend later this month and will send out the annual report on March 23. At the 1976 half-year stage, when net profits had reached \$3.4m, the company declared an interim of 2.75 cents...

Comalco also says that Australian Government legislation is to be introduced in the next few days for income-tax purposes to reflect the effect of reflation on inventories...

Northgate loses \$0.6m.

FOLLOWING a poor fourth quarter when there was a loss of \$611,000 (£352,000), Canada's Northgate Exploration reports a consolidated loss of \$197,000 (£124,000) or 9 cents (3.2p) per share...

Northgate points out that the poor performance in 1976 mainly reflects the termination of the Irish Gortdrum copper mine operations in the latter half of 1975...

WESTERN AREAS

A major step towards consolidating a fire which started on January 28 has been taken at the Western Areas section of the Western Areas gold mine in South Africa...

MINING BRIEFS

NEW GUINEA GOLDPROBES-Production of 1,517 tonnes of gold was reported for the first quarter of 1977...

AZCON PROFITS SHOW GROWTH

Net income from the Consolidated Gold and U.S. Metals and Minerals business, Azcon, continues to increase...

New Gilt Bond from Gresham

By Eric Short Gresham Life Assurance Society, the life company subsidiary of N. M. Rothschild and Sons, has issued the Gresham Life Gilt Bond in association with N. M. Rothschild Asset Management...

Talks for an agreement on sea mining

An informal conference in Geneva next month will make a major effort to break the deadlock in the UN Law of the Sea Conference between the industrial and developing nations...

ROUND-UP

The Philippines gold producer, Benguet Consolidated, reports 1976 earnings of \$2.59m (£1.53m), or 16 cents (0.4p) per share...

America's Amax and Australia's Endeavour Oil have had to completely revise their economic forecasts for the West Australian nickel prospect...

Christian Salvesen up £1 1/2m. to £6.25m.

PROFITS OF Christian Salvesen, cover dividends at the present a total of 11p (0.557p) for the unquoted house building level. Looking further ahead, they feel confident that the group will maintain growth.

Table with 2 columns: 1975-76, 1976-77. Rows include Turnover, Trading profit, Interest, Share of associates, Investment income, Pre-tax profit, Taxation, Minority interest, Retained profit.

Pru. cuts annuity rates

The Prudential Assurance Company, the largest life company in the U.K., has reduced its annuity rates right up to the age of 100...

GLASS GLOVER DIVIDEND

Following advice recently received by the Board of Glass, Glover Group has found it necessary to give further consideration to the effect on the company of close company provisions...

Table with 3 columns: 31.12.76, 31.12.75, 31.12.74. Rows include Group turnover, Group profit before tax, Estimated taxation, Group profit after tax, Ordinary shares in issue, Earnings per share, Dividend per share.

INTERIM REPORT TO 31 DECEMBER 1976

Your Directors have pleasure in reporting the unaudited results for the six month period ended 31st December, 1976.

The half-year to 31st December 1976 is not strictly comparable with the corresponding period the previous year as the latter included earnings from Delmas Sille Company...

Shareholders probably need little reminding that the construction industry is currently in its most severe recession since the 1930s. Comparing the period under review against a year previous, the Group actually suffered a drop of 13 per cent in numbers of bricks sold...

Overall the Group is in a good position to see out the balance of a most difficult trading period and respond well to any upturn in demand. Maximum effort is obviously being given to tight control of the operations. Our primary aim is cash flow and in accordance with this we may selectively reduce production so as to eat into finished stock.

DIVIDEND AND FORECAST

Your Directors have declared an unchanged interim dividend of 8 cents for the half year. Provided there are no material adverse changes in taxation, nor a further deterioration in the market place, it is intended to maintain a final dividend payment of 16 cents.

On behalf of the Board, David Lurie, Don Bruggemann - Directors. Johannesburg 15th February, 1977.

NOTICE OF REDEMPTION to the holders of Debentures payable in American Currency of the issue designated 9% Sinking Fund Debentures due April 1, 1982

CITY OF QUEBEC, CANADA

Table with 2 columns: Debenture No., Amount. Lists various debenture numbers and their corresponding amounts.

Resignations at Hazlewoods

Mr. Herbert Towing, chairman, and a fellow director Mr. Peter Alphonso Davis have resigned from Hazlewoods (Proprietary), the Derby based manufacturers of pickles and sauces.

Simons & Co. profit

A turnaround from a loss of £33,170 to a pre-tax profit of £103,430 was achieved by fruit and vegetable brokers, Simons and Co. for the year ending June 30, 1976.

Public Notice

Turnover 12,155,422 10,794,487 Interest 2,218,218 2,218,218 Pre-tax profit 105,239 133,179 Tax 45,791 46,757 Profit 59,448 86,422 Dividend 23,339 23,339 Retained profit 36,109 63,083



INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMRO profit rises by 14%

BY MICHAEL VAN OS

AMSTERDAM, Feb. 15.

AMRO BANK, Holland's second largest commercial banking group, stated ahead of its annual report here to-night that total net profits amounted to Fl.184.2m. in 1976, representing an increase of 14.2 per cent. on the previous year's figure. The 1976 increase was 27.9 per cent. excluding the contribution of Pierson, Holding in Pierson.

AIR FRANCE

Struggling to recover

BY ROBERT MAUTHNER IN PARIS

AIR FRANCE, the French state-owned airline, is flying high but only to the literal sense. Though the services it offers its clients have a high reputation, it is still struggling to pull out of the financial difficulties which, in common with other world airlines, hit the French company as the result of the world energy crisis in 1973.

Through this 180-seat aircraft would not meet Air France's needs for a 100-seat replacement of the Caravelle. McDonnell Douglas might demand an undertaking from the French to buy the DC-9 in return for its participation in the Mercure project. The negotiations have run into serious difficulties and it is unclear whether they still stand a chance of success.

CA rejects statement by London banks

By Max Wilkinson

CREDITANSTALT, the Austrian bank which is used by a consortium of London banks for non-payment of letters of credit, claims that a statement circulated by the consortium in its presentation both to the public and to the courts is "incomplete and misleading".

Abercom achieves margin improvement

BY RICHARD ROLFE

JOHANNESBURG, Feb. 15.

THE ENGINEERING group Abercom, whose founder and chairman Mr. Murray McLean resigned abruptly last year, has reported pre-tax profits up from R5.3m. to R5.5m. for the six months ended December 31, with turnover up from R50.7m. to R54.5m., testifies to a slight improvement in profit margins. The tax charge, thanks to continued high capital expenditure, is actually down from R1.9m. to R1.5m. despite the higher pre-tax figure and the higher tax rates ruling since the last budget. The upshot is an improvement in earnings per share from 24 cents to 28 cents.

AMERICAN NEWS

Bethlehem Steel sees poor quarter

NEW YORK, Feb. 15.

BETHLEHEM STEEL Corp. expects that due to several factors "first quarter results will be disappointing". Mr. Lewis W. Foy, the chairman told analysts, reports A.P.D.J. Mr. Foy declined to project first quarter earnings.

Washington court after having already been made public, accused the company of raising \$6.5m. through the sale of debentures to 1973 ostensibly to pay for the construction of a 24-mile highway in Panama. However, this cash and additional funds were later diverted to other uses, the SEC alleges.

In a joint statement they said the new bank will retain Provincial's present name and president, Michel Belanger. Chemical abandons broking service. CHEMICAL Bank, one of the larger New York city commercial banks, has abandoned its highly controversial stock broking service to selected customers.

Unity Bank to merge with PROVINCIAL BANK of Canada and Unity Bank of Canada announced last night they agreed in principle to merge, reports AP-DJ from Montreal. The Province of Newfoundland 9 per cent. 12-year bond issue (average life of 9.81 years) was more than three times subscribed and increased in amount from the \$40m. originally announced to \$50m. and priced at a premium of 100. In first-time trading, the new issue opened at around 99 1/2/100 but moved better during the day to close at 100/100. 99 1/2/100 yesterday. The lead manager, Kredietbank Luxembourg, said that the average life for this issue was 6 1/2 years.

Same again at Allianz

By Nicholas Colchester

BONN, Feb. 15. Allianz Versicherungs AG, largest West German insurance company, will pay a tenth dividend of 20 per cent. according to the chairman Wolfgang Schieren. Giving a preliminary assessment of the company's performance last year, Dr. Schieren said that the results in the car insurance, the biggest sector of the company's insurance business, and insurance on produced a technical loss for year.

EUROBONDS

Norpipe returns for \$50m.

BY TONY HAWKINS

NORPIPE is to raise \$50m. in the Eurobond market with a 12-year issue (average life 9.5 years), on an indexed 8 1/2 per cent. coupon. The joint lead managers are Credit Suisse White Weld, First Boston (Europe) and N. M. Rothschild and Co., who is running the books. Norpipe borrowed \$50m. in this market last year with a 10-year issue at 9 1/2 per cent. that was issued at 99 1/2. This issue is currently standing at 103 1/2-104 to maturity being able to provide a full and so that the new offering is well placed in line with current secondary market conditions.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for bond types (STRAIGHTS, NOTES, CONVERTIBLES), maturity dates, and prices. Includes entries like Alcoa 9 1/2% 1985, Australia 8 1/2% 1991, etc.

BONDBRADE INDEX

Table showing bond trade index for Tuesday Monday with values like Median 102.42, 102.42, Lone 94.24, 94.21, Convertible 107.85, 107.72.

Lloyds Bank Group now in Dubai.

Lloyds Bank International are pleased to announce the opening of their branch in Dubai. The new branch provides a full range of banking services and is responsible for the development of all aspects of the international business of the Lloyds Bank Group in the United Arab Emirates. In conjunction with our branch already established in Bahrain, this enables Lloyds Bank International to play an active role in the financial growth of this important region.

AARONSON BROS. LIMITED

Manufacturers of Contiboard, Contiplas, Wood Veneers, Aropias, Lacarite, Armoflex, Spanboard, etc.

STATEMENT OF TRADING RESULTS

Table with columns for 1976 and 1975, and rows for Group Sales, Exports, Profit before Taxation, Profit after Taxation and Minorities, Extraordinary Items (Net of Tax), Earnings per Share (fully diluted).

In previous years full provision has been made for the contingent liability of deferred taxation. It has been decided that the amount already provided at 1st October, 1975 is adequate for any liabilities that are likely to arise in the foreseeable future and therefore no further provision is necessary. The earnings per share figure for 1975 has been adjusted to take account of the change in policy in dealing with deferred taxation.

LLOYDS BANK INTERNATIONAL logo and address: 40/66 Queen Victoria St, London EC4P 4EL. Tel: 01 248 9822. A member of the Lloyds Bank Group.

Following subsidiaries of the Lloyds Bank Group: Lloyds Bank California, The National Bank of New Zealand. LBI, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Malaysia, Mexico, Monaco, Netherlands, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

FINANCIAL AND COMPANY NEWS

Stable capital market predicted for W. Germany

AULINE CLARK

GERMAN bankers are pointing out the difference in yield between one and 10 years securities...

Esselte forecasts growth in 1976-77

STOCKHOLM, Feb. 15.

ESSELTE, the Swedish office equipment, packaging and printing concern, forecasts in the nine-month interim report...

Man changes investment rules

BARBARA CASASSUS

OMANI Government has been generated inside the Sultanate, while Omanis have been silent partners and have not contributed fully to the country's economic development...

MUSCAT, Feb. 15.

The recent success in stabilising prices has proved that the inflation rate not only goes up and down but also has a character of an inescapable fate...

Stelux buys up Cox shares

STELUX Manufacturing is to buy the remaining 50 per cent of the issued share capital of Cox not yet held by the company...

Mohan petitions

COURT PETITIONS are one to be made on March 18 for the winding up of three Mohan property and investment group companies...

Technical aid for Grand-Bazar

DS MAGASINS JELMOLI stake in Grand-Bazar which it was willing to sell to the French Agache-Wiloot group before talks...

ZURICH, Feb. 15.

Zumstein said by technical aid he means for example assisting the store and any future owners with buying stock through Jelmoli's own facilities...

SOUTH AFRICAN GOLD MINES

Plenty of investment

BY RICHARD ROLFE IN JOHANNESBURG

THE shock of last year's price collapse to \$103, the African gold mining industry is preparing to spend \$1.5 billion on capital equipment over the next five years...

expenditure tended to be a one-off job. The controlling house raised funds, sank shafts, equipped mills and reduction works...

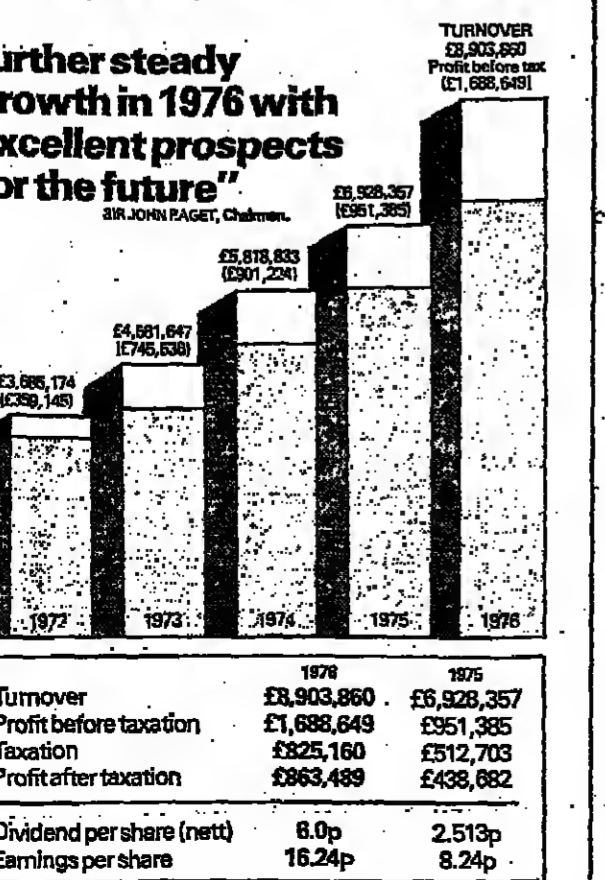
be preempted by the mines themselves and the resulting financing "gap" is no doubt one of the factors behind the Anglo-American-Rand Selection...

Expansion at Free State Saal-plaas should cost another \$200 million and there is a further major programme at Vaal Reef...

Rising financing needs have coincided with increased difficulty in finding capital overseas. The one exception to this rule has been the large sums provided for future uranium deliveries...

With the established mines, the problem of finance is simplified. Free State Geduld, for example, has a R100m-plus programme to sink a new shaft and expand its tonnage...

Further steady growth in 1976 with excellent prospects for the future



The key concept is that the falling grade will be offset by rising tonnage, mitigating the effects on revenue, though profitability will tend to be much less.

This kind of programme, which is quite common in the industry at present, can usually be financed out of the individual mine's cash flow.

One problem, however, is that shareholders tend to be squeezed when mines undertake big capital programmes. Harmony, for example, passed its dividend last year in order to conserve funds for its R60m programme...

This aside, the foreign investors—from the U.S., U.K., France, Belgium, Switzerland—who have been the mainstay of gold mine finance in the past have become increasingly wary...

For the mining houses themselves, the new scale of expenditure at existing mines also means less spare funds for funding needs elsewhere.

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BANCO DO BRASIL S.A.

U.S. \$40,000,000

Bearer Depository Receipts issued by

Chemical Bank

against a

Floating Rate Promissory Note due 1982 of Banco do Brasil S.A.

- List of banks including London Multinational Bank, Credit Suisse White Weld Limited, Banque Arabe et Internationale d'Investissement, etc.

NEWS

These securities having been sold, this announcement appears as a matter of record only.

U.S. \$30,000,000

Enso-Gutzeit Osakeyhtiö

8 1/2% Guaranteed Notes Due 1984



Unconditionally guaranteed as to payment of principal, premium (if any) and interest by

The Republic of Finland

Credit Suisse White Weld Limited

- List of banks including Kredietbank S.A., Hambros Bank Limited, Swiss Bank Corporation, etc.

- Extensive list of international banks and financial institutions.

WALL STREET INVESTORS ASK MARKETS TO RISE EARLY ON BARGAIN HUNTING Pound improves

BY OUR WALL STREET CORRESPONDENT

Stocks on Wall Street recovered further ground in today's trading, buoyed mostly by bargain hunting in a number of recently depressed "glamorous" and "blue chip" stocks.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Price, Change, Volume. Includes American Airlines, General Motors, Ford, etc.

OTHER MARKETS

Canada improves Oil, Metals and Industrials led a broad uptick in light early trading on Canadian Stock Markets yesterday.

certainties, rumours of increased unemployment in January and the stagnation of French industrial production in December which has continued into January.

INDICES

Table with columns: Index Name, Value, Change, High, Low. Includes NYSE, Dow Jones, etc.

to pay a modest dividend for 1976. Although the dividend was not as high as in 1975.

NEW YORK - DOW JONES

Table with columns: Index Name, Value, Change, High, Low. Includes Industrial, Home, Transport, etc.

Financial Minings, Tins, and Colliers hardened, but Coppers were occasionally lower.

STANDARDS AND POORS

Table with columns: Index Name, Value, Change, High, Low. Includes Industrials, Utilities, etc.

The nation's motor industry reported a sharp rise in early February car sales, and analysts said this, along with bargain hunting, helped the stock market point higher for the second day in succession.

OVERSEAS SHARE INFORMATION

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various international stocks.

MONDAY'S ACTIVE STOCKS

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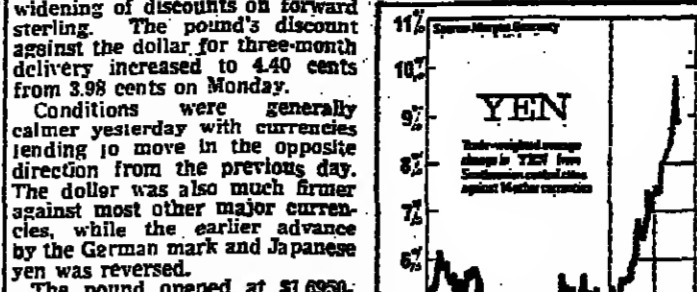
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INDICES

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FOREIGN EXCHANGES



RIGHTS RATES

Table with columns: Country, Rate, Change. Includes US, UK, France, etc.

EXCHANGE CROSS-RATES

Table with columns: City, Rate, Change. Includes London, Paris, Frankfurt, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, Change. Includes 1 month, 3 months, 6 months, etc.

FORWARD RATES

Table with columns: Term, Rate, Change. Includes 1 month, 3 months, 6 months, etc.

GERMANY

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various German stocks.

MILAN

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Italian stocks.

PARIS

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various French stocks.

CANADA

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Canadian stocks.

BRUSSELS/LUXEMBOURG

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Benelux stocks.

SWITZERLAND

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Swiss stocks.

AMSTERDAM

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Dutch stocks.

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Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Danish stocks.

STOCKHOLM

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Swedish stocks.

VIENNA

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Austrian stocks.

TOKYO

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various Japanese stocks.

GOLD MARKET

Table with columns: Gold Price, Change, Volume. Includes Gold Bullion, Gold Coins, etc.

FOREIGN EXCHANGES

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OVERSEAS SHARE INFORMATION

Table with columns: Stock Name, Price, Change, Div. Yield. Includes various international stocks.

ARMING AND RAW MATERIALS

Coffee tops 3,200 tonne

Richard Mooney
COFFEE PRICES surged to new peaks yesterday as a new wave of buying hit the market...

Report warns of danger to social contract

BY JOHN EDWARDS, COMMODITIES EDITOR
A WARNING that the social contract on wages and prices would be severely undermined by any devaluation of the "green pound" is to be given to the Labour Party...

First offer of Soviet softwood

By A Correspondent
EXPORTERS, the Soviet state selling organisation for forest products, made its first offer of softwood to the U.K. market last week for this season...

CALIFORNIA

Worst-ever drought threatens crops

BY ART GARCIA
GOVERNOR Edmund Brown, Jr. of California, has left open the possibility of some water rationing to combat what may become the worst drought in the state's history...

World silver surplus estimated

PARIS, Feb. 15
A shortfall in world silver production was turned into a surplus last year by a high of Indian exports and by German melting down of coins...

U.K. food bill 'to rise £600m.'

BY STUART ALEXANDER
THE LATEST EEC price proposals will add about £600m to household shopping bills this year, said Mr. Derrick Hornby, president of the Food Manufacturers' Federation...

The extra £600m. would be caused by the combined effects of the average 3 per cent increase in farm prices, a devaluation of the "green pound" and the two final transitional steps to EEC price levels...

Big Common Market sugar surplus likely

BRUSSELS, Feb. 15
THE EEC Commission said it estimates total EEC exportable sugar surplus for 1977-78 at 2.9m. tonnes...

Ripple effect

As agriculture, California's number one industry, last year produced total cash receipts of \$8.9bn., a record, the state grows 40 per cent of U.S. vegetables and 60 per cent of the nation's fruits and nuts...

Vote on amended wool plan

SYDNEY, Feb. 15
THE WOOL Industry Policy Committee will meet in Melbourne on Thursday to vote on a proposed scheme for the Australian Wool Corporation to buy a limited quantity of wool direct from farmers...

MAX FURNACE OPERATION

BENNING, Conn., Feb. 15
The Max furnace and zinc plant at the site of the blast at the Ross, Mo., lead mine...

Brussels bid to end pig subsidy scheme

BY ROBIN REEVES
A DATE at which the Government will be required to suspend payment of the special subsidy to pig producers of 50p a score is expected to be announced by the European Commission here tomorrow...

Ministry of Agriculture, of the main British justification for the aid found a sympathetic echo in the Council...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for various commodities like Gold, Silver, Copper, Tin, Lead, Zinc, and their prices in different units.

Table for I.G. Index 01-351 3466 and May Coffee 32061-32151

EDWARD BILLINGTON & SON LIMITED of Liverpool (Founded 1858)

wish to point out that the Billington Group Company operating on the London Commodities Futures Markets is:-

EDWARD BILLINGTON (COMMODITIES) LTD. Cunard Building, Liverpool L3 1EL

Telephone No. 051-236 1222-10 lines Telex 629594

and they have no connection whatsoever with Rodney R. Billington Ltd.

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I. G. Index offers a futures market that can enable you to trade on commodity futures without Capital Gains or Income tax...

In a sample quotation appears in this newspaper every day. For details of how you can benefit, return this coupon low, call 01-351 3466 or consult your Commodity Broker.

I. G. Index Limited, 29 Lamont Road, London SW10 0HS. Please send me details of your commodity futures service.

PRICE CHANGES

Table showing price changes for various commodities like Gold, Silver, Copper, Tin, Lead, Zinc, and their prices in different units.

U.S. Markets

Table showing U.S. market prices for various commodities like Cocoa, Coffee, Sugar, and their prices in different units.

Wool Futures

Table showing wool futures prices for various grades and origins.

Palm Oil

Table showing palm oil prices for various grades and origins.

Cotton

Table showing cotton prices for various grades and origins.

Canada exports less copper and nickel

CANADIAN COPPER and Nickel output declined last year but iron and iron ore production rose...

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types and origins.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades and origins.

JUTE

Table showing jute prices for various grades and origins.

Little relief to U.S. wheat. WASHINGTON, Feb. 15. A THAW during the week to February 13 gave little relief to the moisture shortage of the U.S. winter wheat crop...

STOCK EXCHANGE REPORT

Partial rally on reasonable demand in light trading

Gilts up to £1½ better and share index up 9.8 at 376.1

Account Dealing Dates
Option
\*First Declared Last Account
Dealings Issues Dealings Day

Having had time to assess the explanations put forward for last month's largest-ever trade deficit, the market in British Funds decided that Monday's sharp fall had been overdue.

Share prices in the leaders were tending to ease a shade in places in the after-hours trade but British Funds held fully firm to the end, the recovery here extending to 1 1/2 in late-dated issues after the previous day's falls to 2 1/2.

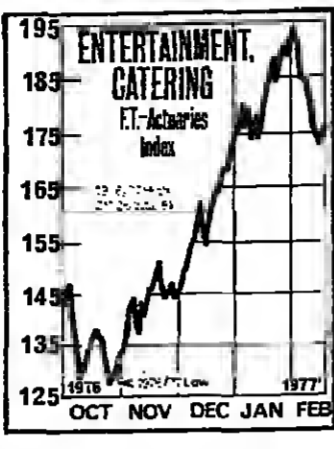
Wide-spread gains were recorded in the FT-Actuaries indices, the three main group indices all improved by about 1 per cent, with the All-share at 101.1, and rises in FT-actuarial countries outnumbered falls by 3-to-2, for the first time in eight business days.

Midland ended 10 higher at 235p. In Foreign issues, Hongkong and Shanghai added 4 to 458p, the preliminary results are the next Tuesday. Discounts rallied in sympathy with gilt-edged securities.

Down 15 on Monday, ICI were marked up 5 to 330p at the outset and remained at that level all day in Chemicals; the results are due on February 24.

Insurances took a turn for the better but the volume of trade left much to be desired. Commercial Union picked up 5 to 112p and Royals added 8 to 300p, while Suo Alliance were 7 to the good at 455p. C. E. Heath 7 up at 455p, were prominent again in Brokers.

Lloyds rally
Monday's sharp falls were retrieved by the big four banks yesterday as buyers returned in anticipation of the forthcoming dividend season which begins with Lloyds on Friday.



Entertainment Catering FT-Actuaries Index
195
185
175
165
155
145
135
125
OCT NOV DEC JAN 1977

to the sharply increased profits with an advance of 17 to 147p after a 197-77 high of 149p. Among numerous recoveries of 4 or so were Arrow A, 35p. Babcock and Wilcox were similarly dearer at 74p along with B. Elliott, et 70p.

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FINANCIAL TIMES STOCK INDICES table with columns for various stock indices and their values.

HIGHS AND LOWS table with columns for High and Low values for various indices.

S.E. ACTIVITY table with columns for S.E. activity values.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Large table containing EQUITY GROUPS, ACTIVE STOCKS, OPTIONS TRADED, and BASE LENDING RATES. Includes sub-sections like CAPITAL GOODS, CONSUMER GOODS, and various stock listings with prices and changes.

NEW HIGHS AND LOWS FOR 1976/77

Table listing new highs and lows for 1976/77, including stock names, dates, and prices.

MONEY MARKET

Interest rates decline
Bank of England Minimum Lending Rate 12 per cent.
Short-term fixed period interest rates declined quite sharply in the London money market yesterday.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Bank, etc.

RISES AND FALLS

Table listing rises and falls in various markets, including British Funds, Stocks, etc.

CORAL INDEX

Table listing Coral Index values and related information.

INSURANCE BASIS RATES

Table listing insurance basis rates for various policies and companies.

Section or Group
Overseas Traders
Engineering (General)
Wines and Spirits
Toys and Games
Engineering (Heavy)
Industrial Group
Miscellaneous Financial
Food Retailing
Insurance Brokers



AUTHORISED UNIT TRUSTS

Table listing various unit trusts and fund managers, including names like 'Bridge Fund Managers', 'Discretionary Unit Fund Managers', and 'M & G Group'. Each entry includes details such as fund names, dates, and numerical values.

IRIDIUM PLATING COMPANY FOR SALE. Turnover £250,000 p.a. West Midlands area. Modern factory - Full effluent services. Principals only write to Box E9430, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES. S.A. ANDRE CITROEN. 1967-73-82 6 3/4%. Loan of \$US20,000,000. The redemption on 15th March, 1977, for which a sum of \$92,000,000 is planned, has been entirely repurchased on the Stock Exchange. Amount remaining in circulation after 15th March, 1977: 1,618,000.

NEW LINE TO LIVERPOOL. If you live in or around the Liverpool area you can now phone a local number for the Financial Times Index and Business News Summary - which includes foreign exchange, securities, gold or any of the other commodities.

VEST IN 50,000 BETTER TOMORROWS!! 500 people in the United Kingdom suffer from progressively disabling MULTIPLE SCLEROSIS - the cause and cure of which are still unknown - HELP US BRING THEM RELIEF & HOPE.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond companies and their products. Includes entries for 'Abbey Life Assurance Co. Ltd.', 'Aberdeen Life Assurance Co. Ltd.', 'Aetna Life Assurance Co. Ltd.', etc.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds. Includes entries for 'Arbutnot Securities (C.I.) Limited', 'Australia Selection Fund NV', 'Banque Paribas Luxembourg', etc.

NOTES. Prices do not include a premium, except where indicated and are in pounds sterling unless otherwise stated. Yield is shown in percent per annum.

BE The British Engineers
RIVETING SYSTEMS • PARTS FEEDING AND ASSEMBLY SYSTEMS • OTHER AIDS TO INCREASED PRODUCTIVITY • Send for 'The Guide to the BE Group'

FT SHARE INFORMATION SERVICE

INDUSTRIALS—Continued

BRITISH FUNDS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists various fund names and their performance metrics.

CANADIANS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists Canadian stock market data.

BANKS AND HIRE PURCHASE

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists bank and hire purchase companies.

Over Fifteen Years

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists long-term investment funds.

Undated

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists undated investment funds.

INTERNATIONAL BANK

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists international bank investments.

CORPORATION LOANS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists corporation loan investments.

COMMONWEALTH & AFRICAN LOANS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists commonwealth and African loan investments.

BEERS, WINES AND SPIRITS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists beer, wine, and spirit companies.

FOREIGN BONDS & RAILS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists foreign bonds and rail investments.

BUILDING INDUSTRY—Continued

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists building industry companies.

CHEMICALS, PLASTICS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists chemical and plastic companies.

CINEMAS, THEATRES AND TV

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists cinema, theatre, and TV companies.

DRAPERY AND STORES

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists drapery and store companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists building, timber, and road companies.

AMERICANS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists American stock market data.

DRAPERY AND STORES—Continued

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists drapery and store companies.

ELECTRICAL AND RADIO

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists electrical and radio companies.

ENGINEERING, MACHINE TOOLS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists engineering and machine tool companies.

FOOD, GROCERIES, ETC.

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists food, grocery, and other companies.

HOTELS AND CATERERS

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists hotel and catering companies.

INDUSTRIALS (Miscel.)

Table with columns: High, Low, Stock, Price, Div, Yld, etc. Lists miscellaneous industrial companies.

ENGINEERING—Continued

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Main table of stock prices and market data, including various industrial and financial stocks.

Handwritten text at the bottom of the page.

INDUSTRIALS-Continued

Table of industrial stock prices including companies like ICI, British Petroleum, and various engineering firms.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies such as Leyland, Commerical Vehicle, and various components.

PROPERTY-Continued

Table of property-related stocks including various real estate and construction companies.

TRUSTS-Continued

Table of trust and finance stocks including investment trusts and financial institutions.

TRUSTS-Continued

Table of trust and finance stocks, continuing from the previous section.

DAIWA SECURITIES advertisement with logo and contact information.

MINES-Continued table listing various mining companies and their stock prices.

AUSTRALIAN table listing Australian stock market data.

OVERSEAS TRADERS table listing international trading companies.

COPPER table listing copper-related stocks.

MISCELLANEOUS table listing various other stocks.

TEAS table listing tea-related stocks.

INDIA AND BANGLADESH table listing stocks from these regions.

AFRICA table listing African stock market data.

EASTERN RAND table listing stocks from the Eastern Rand region.

FAR WEST RAND table listing stocks from the Far West Rand region.

O.F.S. table listing Overseas Finance Stocks.

FINANCE table listing various financial stocks.

DIAMOND AND PLATINUM table listing diamond and platinum related stocks.

NOTES section containing detailed financial notes, company announcements, and market commentary.

REGIONAL MARKETS table listing regional market data.

OPTIONS 3-month Call rates table listing options market data.

INSURANCE

Table of insurance company stock prices.

TORACOCCOS

Table of tobacco stock prices.

TRUSTS, FINANCE, LAND

Table of trust, finance, and land related stocks.

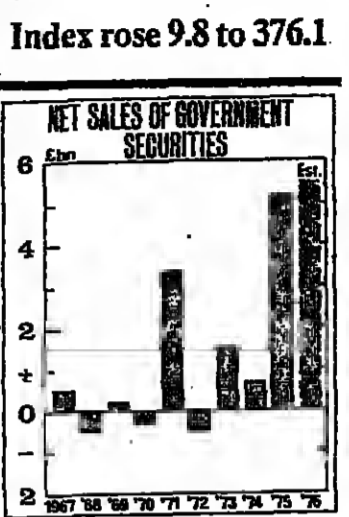
Finance, Land, etc.

Table of finance, land, and other related stocks.

THE LEX COLUMN

Measuring future funding needs

It is now three weeks since the Government Broker...



With easier money conditions and greater...

Indeed brokers James Capel...

Bamfords There are a number...

Interest rates For the first time...

Wedds on gilts Jobbers Wedd...

Power prices up 11% next year

ELECTRICITY PRICES will rise by 11 per cent...

Fuel bill The CEGB fuel bill accounts for nearly 60 per cent...

Night rate Assuming the 15 per cent spring peak...

Krupp confirms oil barter with Iran

IRANIAN LIGHT AND HEAVY CRUDE. The deal, said Krupp...

German nuclear rally banned

THE DEMONSTRATION planned for Saturday against the atomic power station...

Examiners to give verdict to-morrow on ships Bill

THE PARLIAMENTARY examiners will give their long-awaited verdict...

Labour MPs back status quo in electing party leader

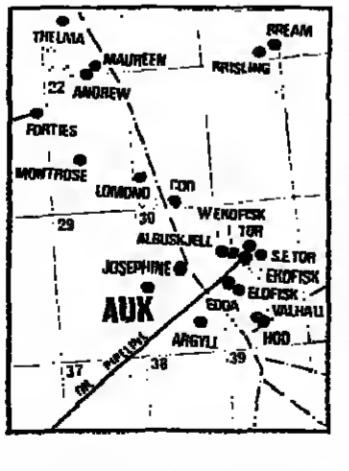
LABOUR MPs voted by a two-to-one majority last night to retain their long-established right...

Output rise insufficient to check unemployment

INDUSTRIAL PRODUCTION has improved slightly in recent months...

Shell/Esso strikes new field by accident close to Auk

THE SHELL/ESSO group has inadvertently made a new oil discovery close to its commercial Auk field...



Sterling and shares recover

THE POUND and the stock markets recovered yesterday after the setback suffered on Monday...

CITY OFFICES ALL MODEST RENTS AND EXCELLENT LOCATIONS. Listings for BISHOPSGATE EC2, HOBORN VIADUCT EG1, GANNON STREET EC4, etc.

Weather U.K. TO-DAY BRIGHTER, showery conditions spreading from the W. DE GROOT COLLIS 163 Moorgate, London. 01-628 4704

DE GROOT COLLIS 163 Moorgate, London. 01-628 4704

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